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REPORT

OF THE

COMMISSION

ON

MUNICIPAL TAXATION.

1893.

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REPORT

OF THE

COMMISSION ON MUNICIPAL TAXATION.

TORONTO, April 24th, 1893.

To the Honourable

GEORGE AIREY KIRKPATRICK,

Lieutenant-Governor of the Province of Ontario.

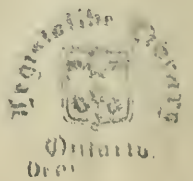
MAY IT PLEASE YOUR HONOUR:

We, the undersigned Commissioners, appointed to collect information with regard to the subject of direct taxation for municipal and other purposes, beg to submit the following report.

We have the honour to be

Your Honour's most obedient servants,

J. R. CARTWRIGHT,
T. W. ANGLIN,
E. SAUNDERS.
} Commissioners.



REPORT.

Your Commissioners have been directed to collect all such facts obtainable without an oral examination of witnesses, as bear on the several questions, which have arisen with regard to direct taxation for municipal and other purposes, and its incidence, and of present and proposed exemptions from taxation, including in regard to all such particulars a comparison of the laws and practice of this province with the laws and practice of Great Britain, the other provinces of the Empire, the United States and elsewhere.

The Assessment Act in this province provides as a fundamental basis of municipal taxation that all municipal, local or direct taxes or rates shall, where no other express provision has been made in this respect, be levied equally upon the whole ratable property, real and personal, of the municipality or other locality, according to the assessed value of such property, and not upon any one or more kinds of property in particular or in different proportions. (55 V., c. 48, s. 6.) It is, by the same Act, provided that, except in the case of mineral lands, real and personal property shall be estimated at their actual cash value, as they would be appraised in payment of a just debt from a solvent debtor. 55 V., c. 48, s. 26, (1).

"Real Property," includes all buildings or other things erected upon or affixed to the land, and all machinery or other things so fixed to any building as to form in law part of the realty, and all trees or underwood growing upon the land, and land covered with water, and all mines, minerals, quarries and fossils in and under the same, except mines belonging to Her Majesty.

"Personal Property," includes all goods, chattels, interest on mortgages, dividends from bank stock, dividends on shares or stocks of other incorporated companies, money, notes, accounts and debts at their actual value, income and all other property, except real property as above defined, and except property expressly exempted.

The principle that *real and personal* property are equally liable to asssessment for municipal purposes, which is formally expressed in the foregoing provisions, has given rise to much of the agitation on this subject, and it is therefore interesting to ascertain how far and with what results the same principle has been applied elsewhere.

In Great Britain to which our attention is naturally first directed, we find that personal property is not taxed at all, and the greater part of the municipal revenue is raised from real estate. There are, however, certain local expenditures to which the Imperial Government formerly contributed by direct grant from the Imperial Exchequer in aid of the local rates, under the following heads: pauper lunatics, poor law and sanitary officers, registrars of births and deaths, criminal prosecution, highways, Metropolitan fire brigade, Metropolitan police, county and borough police, grant in lieu of rates on Government property, prisons, reformatories and industrial schools and school boards. Within the past few years these direct grants have been withdrawn, and in lieu of them the Imperial Government has transferred to the local authorities certain duties and portions of duties which are hereafter more particularly referred to in dealing with the English municipal system.

A recognized English writer in a work entitled, "Local Government and Taxation in the United Kingdom," [p. 503], says: "It should not be forgotten that although at present the main weight of local taxation is upon land, real property enjoys exemptions under our system of Imperial Taxation, which to quote Mr. Gladstone: 'It would not be possible to maintain for a single moment after you remove the exemption of personal property from local taxation.'" Mr. Gladstone further added: "I do not give an opinion beyond saying, that if a general proposition is to be laid down, that personal and real property are to share in equal proportions the burdens of local taxation, it is impossible to resist the co-relative proposition that real and personal property must be equally charged with respect to Imperial Taxation."

Turning from Great Britain to the United States, we find that the system there adopted corresponds substantially in principle with the municipal system of taxation in Ontario.

In a report of the Maryland Tax Commission issued in 1888, it is stated that "In every state of the union, direct taxes are imposed upon all classes of property, real and personal, either for state or local purposes, and the State of Pennsylvania which has frequently been pointed to as an illustration of the practicability of releasing personal property from taxation, because she subjected real estate to the greater part of the public burdens by making it the object of *local* taxation, and reserved personalty, so far as it was taxed at all, for state revenues, has lately put in operation more vigorous measures for the enforcement of taxes on personal property, alleging as a reason therefor, the injustice and injury suffered by the holders of real estate and the farming population, and personal property is now taxed in that State for both state and county purposes, except that all mortgages and other evidences of debt, articles of agreement or accounts bearing interest and all public loans are exempt from local taxation." The State now collects taxes on almost every kind of personal property, including mortgages, bonds, judgments, promissory notes (except those held by banks in the usual course of business), and moneys at interest, and pays over to the municipalities three-fourths of the moneys thus collected. Philadelphia received from this source in 1892, about $800,000.

It ought perhaps to be here stated that it is well nigh impossible to obtain all the details of civic government in the United States. A recent American writer on this subject says: "When we reflect that there are 443 American cities with a population of many millions of inhabitants, and that these cities are controlled by over two score of independent Commonwealths, the impossibility of accurately describing the municipal tax system (of the United States) becomes apparent." To avoid useless repetition and an unnecessary expenditure of time, your Commissioners have selected seven important states of the union and a somewhat larger number of cities (Canadian and American) as representative of the rest, and in making this selection we have not been unmindful of the fact that the states which are situated nearest to us would be more likely to afford the best opportunity for comparison.

In the United States as elsewhere, the principal municipal tax is levied on real estate, but in some cities the taxation of personal property has been carried to a most remarkable length: for instance in the city of Philadelphia there was, until recently, a specific tax (in this instance for state purposes) on watches. Every wearer of a gold watch was liable to a tax of $1. The owner of a silver watch escaped with 75 cents, and the proprietors of watches of any other character were directed to pay 50 cents each. As might be expected this tax produced a very small sum.

One of the results of our investigation is to show that the people of the United States are for the most part wedded to the system of raising local taxation from every kind of property, real and personal, and this general property tax is described by the writer already quoted as the "Keystone of the Financial Arch." It is asserted on the authority of statistics, given by the census returns of the United States, that two-thirds of the total receipts of all the cities of the union are derived from the taxation of both real and personal property, the remaining one-third being obtained from licenses and other special sources. It is quite true that this system of taxing real and personal property on the same basis does not give universal satisfaction, but no perceptible impression has as yet been made upon it, although there appears to be a disposition in some quarters to throw an increasing proportion of local taxation on real estate. The history of the agitation is very much the same everywhere. The holders of real estate strongly oppose this tendency to increase the burdens upon land, and those whom it would doubtless benefit, just as strongly favor it. A synopsis of the arguments by which this proposition is opposed and defended, will be found elsewhere in this report.

Taking the facts as we find them, it appears clear that the principle underlying municipal taxation is the same in Ontario as in the United States; some of the details vary, but the two great divisions of real and personal property are generally recognized as equally suitable for municipal taxation in both countries. The first material difference, which presents itself is the "poll tax." This tax, which varies in amount from $1 to $4, and which with certain exceptions is levied on all male persons within the State, is imposed in a majority of the states of the union, including Alabama, Arkansas, California, Connecticut, Florida, Georgia, Louisiana, Maine, Massachusetts, Mississippi, Nevada, New Hampshire, Rhode Island, North Carolina, South Carolina, Tennessee, Texas, Virginia, West Virginia and Vermont, and in several of the states its imposition is expressly directed by the constitution.

It may not be out of place to show how the poll tax is regarded in different states of the union, and for this purpose two or three instances will suffice. Alabama by its constitution authorizes the General Assembly to levy a poll tax not to exceed $1.50, but the proceeds are to be applied "exclusively in aid of the Public School Fund." In the constitution of Georgia a similar provision is found; the tax however, is not to exceed $1 on each poll. Attention is called to the fact that in the two States just mentioned, the imposition of the tax is *permissive*, but by the constitution of Louisiana it is *imperative*. It is not to exceed $1.50 on all male inhabitants, and is to be used exclusively for "school and charitable purposes." On the other hand we find in the constitution of the State of Maryland, this declaration: "That the levying of taxes by the *poll* is grievous and oppressive and ought to be prohibited, (and) every person in the State or persons holding property therein, ought to contribute his proportion of public taxes for the support of the Government, according to his actual worth in *real or personal property*." And again, the constitution of Arkansas, while asserting that a poll tax is both "grievous and oppressive," nevertheless authorizes its imposition, but only for school purposes.

On this subject, Dr. Ely, says: "Poll taxes exist in most of the southern and New England States, and in some of the other states. Poll taxes are unworthy of a civilized nation in the nineteenth century. They are to be rejected also from purely economic grounds. In order not to be impossible of collection without great hardship, they must be so low as to yield little to the public treasury. Poll taxes are both state and local. In some states, only state poll taxes are known, but in others, both state and local poll taxes exist."

Your Commissioners need scarcely observe that no tax on the "poll," exists in Ontario, although certain persons whose taxes do not amount to $2, may, instead of statute labour be required to pay $1 yearly, under the provisions of Sec. 88 of the Consolidated Assessment Act of 1892. Those liable to this tax are comparatively few in number, and it could hardly be contended that the dollar thus collected is either "grievous or oppressive." The tax, however, in Ontario yields a very small sum, and its abolition would cause no serious loss to the municipalities. Prior to July 1st, 1891, the statute labour tax in Ontario was $2. The following table will show the effect of the reduction in the various cities in the Province:

STATUTE LABOUR TAX.

Name of City.	Amounts collected.	
	1891.	1892.
Toronto	$2,514 00	*See note.*
Hamilton	1,186 00	$645 00
London	1,010 00	606 00
Kingston	540 00	300 00
Brantford	427 00	272 00
Guelph	226 00	102 00
St. Thomas	130 00	*120 00
Stratford	80 00	60 00
Ottawa		
Belleville		
Windsor		

*NOTE.—In the case of Toronto the collectors not having returned the rolls for last year no return can be given, but it is expected that the proceeds of this tax for 1892 will not exceed $1,500. In St. Thomas those liable to pay the tax had the benefit of the reduction in 1891 as well as in 1892. In Ottawa, Belleville and Windsor the provisions of the law in this behalf have not been enforced.

The next point of difference between the U.S. system and that adopted in Ontario, which appears to call for comment, is that, most of the states of the union, in dealing with banks and incorporated companies, such as railroad, express, telegraph, telephone and other similar corporations, either tax the capital stock direct, or impose an adequate tax on what they term the "corporate franchise." In the case of banks, the capital stock is taxed direct (instead of the interest or dividends as in Ontario), and the usual rate imposed upon individuals in the ordinary way applies to bank stock. In the case of savings' banks, a smaller rate is generally imposed, which, in the State of Massachusetts, is fixed at one-half of one per cent. on the amount of the deposits. In the same state they impose on "co-operative saving fund and loan associations" one quarter of one per cent. per annum on the amount of the monthly dues paid in by the shareholders, and they require insurance companies to pay what is called an "excise tax," at the rate of one quarter of one per cent. per annum upon a valuation equal to the aggregate amount of all the policies in force on the 31st day of December in any year.

In the case of certain insurance companies, a tax of one per cent. on all premiums received during the year is exacted, and other corporations are required to pay a tax upon their "corporate franchises" at a valuation equal to the aggregate value of the shares in their capital stock, which is really but another mode of taxing the capital stock itself. It would occupy altogether too much

space to quote all the provisions of the law in this behalf even in one state, but enough has been said to indicate some important points of difference in a general way between the system adopted in Ontario and that in force in one of the most important states of the union in dealing with corporate franchises, stock and property. Other examples will appear hereafter.

To prevent confusion it is necessary at this point to call attention to the fact that while in Ontario all taxes collected by the municipal authorities—liquor licenses not being included—are used for local purposes, the taxation imposed by virtue of the assessment laws of the various States of the Union, cannot properly be described as municipal taxation, in the sense in which that term is used in Ontario, for the reason that the revenue thus obtained through the municipalities in the several States, is, as a rule, only partially devoted to municipal purposes, a considerable percentage being required by law to be paid over to the State. In some instances a State officer collects the State tax directly from the local taxpayer, and this system is also adopted in the Province of Quebec, as is hereafter shewn in the review of the laws of that province relating to the subject. In Pennsylvania, as already stated, the tax on personal property is collected by the State, and a portion of it is paid over to the municipalities. This State also imposes a direct tax for State purposes on incorporated companies and other associations.

There is, as already pointed out, also a difference in practice in collecting the tax on corporate stock or dividends. In Ontario we look to the shareholders, as a rule; but in the states the head office is generally required to pay the tax, leaving it to the company to collect from the shareholders. In fact this practice is nearly universal.

Your Commissioners understand that some of the Ontario corporations, having their head office in Toronto, pay the tax in one sum on the profits earned during the year, to the city treasurer, and deduct the amount so paid from the sum available for distribution among the shareholders.

Another difference in practice has reference to the mode in which the assessors of the respective countries proceed in obtaining the information necessary to enable them to make proper assessments. Section 14, of the Assessment Act of Ontario, prescribes the duties of the assessor in this province, whereby he is directed to make "diligent inquiry" for the information he is entitled to get, and under section 42 of the same Act, it is the duty of the person assessable "to give all necessary information to the assessors," and, if required, he is to deliver to the assessor a "statement in writing," giving the necessary particulars, and if he fails to deliver this written statement, or knowingly states anything falsely therein, he is on conviction thereof before a justice of the peace, liable to a fine of from $20 to $100 under the provisions of section 45.

But in most of the states of the union, the party assessable is compelled, in the first instance, to deliver to the assessor or other officer a written statement under oath, in which he swears that he has made a full disclosure; and for false statements he is not only liable to very heavy penalties, sometimes as high as $1,000, but is, in addition, liable to a prosecution for perjury. Notwithstanding the pains and penalties provided by the Assessment Acts of the various states, which are all more or less severe, it is positively asserted that what is called "intangible" property, escapes taxation to a very large degree.

The situation then is briefly this: In Ontario no oath is required from the person assessable; and the penalties for even making a false statement in writing are moderate, while in the United States oaths are everywhere required, and the penalties do not err on the side of leniency; but whichever system is adopted it would seem to be largely upon the moral sense of the people that we must rely

for a fair return. The absence of a proper degree of this moral sense has been often the subject of comment, and upon it is largely founded a demand for some other system of taxation based upon real estate which cannot be hidden away. As to whether this is a sufficient foundation for the demand is a question not within the province of your Commissioners to determine.

The income tax has not been generally adopted in the United States. In the four or five states in which it is levied, it produces relatively an inconsiderable amount, owing, it is said, in the first place, to the lax administration of the law, and also to the circumstance that the exemptions from this tax are liberal, reaching, in the case of Massachusetts, the sum of $2,000.

Another feature in the consideration of the general question of taxation, is, the basis of value adopted in the assessment of property liable to taxation.

It can, of course, make no difference whether the basis is the full value, or 25% or 50% of the value, so long as it is uniformly applied, but where the rule of assessing at full value is not strictly adhered to, small properties are liable to suffer as compared with larger ones. The law requiring all property to be assessed at its "actual cash value" as in Ontario, is almost universal, but it is very doubtful if it is properly observed anywhere, and in some places the law is systematically violated. Take the case of Chicago as an example. In a letter addressed to your Commissioners on this point, the comptroller of that city says: "The law requires the assessment to be made at the actual cash value, but the assessors entirely ignore it, and assess all property from one-sixth to one-tenth of its actual value." The treasurer of Montreal, where the law is the same in this respect as in Ontario, reports that for the purposes of assessments, property (*i.e.*, real estate) in that city is estimated at about 75% of its value.

The cities of Montreal, Quebec and Winnipeg levy a business tax in lieu of a tax on personal property, to which further reference is made hereafter.

In one or two States of the Union a distinction is made between personalty and realty, in respect of the periods intervening between the successive assessments required by law. In Vermont, for example, "personalty" is assessed annually, while "realty" is assessed only "quadrennially."

It is the almost invariable rule throughout the United States to assess real estate to the owner of the fee, no enquiry being made as to whether or not the land is under mortgage, unless the mortgagee is in possession, in which case he is regarded as the owner for the purpose of assessment. In Michigan, however, in assessing mortgaged lands, the mortgagor and mortgagee are jointly assessed therefor in proportion to their respective interests in said lands. The provisions of the law in that behalf are hereafter fully set out in the review of the assessment law of that State.

We have already cited the section of the Assessment Act in this Province regulating municipal taxation, and we now proceed to a review of the laws of other countries on this subject.

ENGLAND.

The taxation of what is usually called personal property, for any purpose, fell into disuse in England many years ago. An Act passed in 1692 imposed a tax of four shillings in the pound on all property, real and personal for state purposes, but this, in so far as it was an attempt to revive a mode of raising revenue that had fallen into disuse, failed completely. Dowell, an English writer of repute, and the solicitor of inland revenue, says: "Personal property, slipped out of the assessment." In subsequent Acts only what became known as "The Annual Land Tax," was imposed.

The justices in General Quarter Sessions were, at a comparatively early day, empowered to assess, levy and collect "ratably and according to a certain pound rate" on the messuages, lands, tenements and hereditaments, within the county which they were supposed to represent, or any part of it, such sums as were necessary for the services entrusted to their charge.

Boroughs appear to have had no authority to levy rates on any kind of property until the great Municipal Reform Act of 1835 was passed. This authorised every borough council to assess, levy and collect, within their proper limits, such amount annually as might be required, should the borough fund prove insufficient to meet the demands made upon it. For this purpose, such powers were given to the borough councils, by this Act, as were given to the Quarter Sessions by the Act, 55 George III, cap. 51. The fees, dues and tolls levied by the borough authorities, which, with the rent of property belonging to the borough, fines and some smaller incomings, made up the borough fund, were not regarded as taxes.

The work of cleansing, lighting, watching, paving, putting down and maintaining sewers, and all improvements of this kind, were not regarded as part of the duties of the borough councils, and in most cases were entrusted under special Acts of Parliament to trustees who were empowered to levy rates to pay the cost of such works. These rates were levied on real property exclusively. The Act of 1835 authorised the trustees to transfer and the borough councils to assume, when transferred, all the powers and duties created by those special Acts; but such transfers were not made in all cases. Under the Health Act of 1848, borough councils were frequently appointed urban sanitary authorities, and thus clothed, when acting in that capacity, with extensive powers of making improvements and levying rates. The Public Health Acts of 1872 and 1875 imperatively constitute these bodies the sanitary authorities in such boroughs as do not form part of a larger district under an Improvement Commission or local board. Under another Act, several towns, some of which have a population of over 30,000, are managed by boards of Improvement Commissioners, who have powers similar to those of the urban sanitary authorities.

The city of London levies dues or duties on all the wine and coal landed at that port. These dues amount to between £400,000 and £500,000 a year.

The Act of 1888, by which nearly all the powers previously exercised by the justices in Quarter Sessions, were transferred to elective county councils, did not make any change in the mode or incidence of taxation.

Local taxation has increased enormously of late years, chiefly in the cities and towns. In 1887-8 it amounted:

In England to	£27,804,248
In Ireland to	3,050,385
In Scotland to	3,468,149

Several of the cities and towns of England now own and manage their water-works and gas-works, and derive revenues from their tramways (street railways). The gross municipal income from all industrial sources is said to be about nine million pounds. The interest on the money invested in these works by the boroughs is about three millions, and the cost of operating about five millions. The net profit is therefore about a million.

When the corn laws were repealed, the burdens on the local taxes, especially those felt to be most oppressive in the rural districts, were reduced by contributions from the imperial exchequer. Under the constant pressure of the agricultural interest in Parliament, these contributions were frequently increased. An Act of Parliament introduced by Mr. Goschen, Chancellor of the Exchequer, in 1888, and another passed in 1890, transferred to the local authorities the

proceeds of certain duties and parts of duties, collected by the imperial authorities' in lieu of the annual grants from the treasury. By these measures the relief to local taxation, which, in 1858, amounted to a million and a half pounds, and afterwards to nearly three millions, was increased to about six millions. Sir T. H. Farrer, in an article published in the *Contemporary Review*, November, 1890, estimates the revenue from those sources and the increase in the contribution thus:

Licenses	£3,000,000
Half probate duty	2,000,000
New duties on alcoholic liquors	1,000,000
	£6,000,000
Exchequer grants withdrawn	£2,850,000
Increase	£3,150,000

All licenses are issued by the Commissioners of inland revenue, who, at the same time, collect the duties which they pay to the credit of the local authorities. The probate duty is also collected by the imperial authorities, and the additional duties of six pence per gallon on spirituous liquors, and three pence per barrel on beer, are paid with the other duties of customs or excise, and then passed to the credit of the local taxation fund. The complete control of the prisons and gaols, and the partial control of the police, of pauper lunatics and of other services, which the Government assumed when aid was given directly from the treasury is still retained, and all expenditures from this fund for such services are made under orders from one or more of the Government boards, or with their express approval.

For some years Parliament has annually voted a considerable sum to be paid to the local authorities in lieu of rates on such Government property as it was alleged, should not be wholly exempt from local taxation. In Ireland, the amount so voted is described as bounty, in lieu of rates on Government property. The amount voted for England and Wales in 1880 was £161,768. The amount voted for Ireland was £46,825.

The sources of all municipal revenue in England are the rates which are levied on real estate exclusively, the rents derived from properties owned by the boroughs and other municipalities, the tolls, dues and market fees collected in boroughs, the fines imposed, and the proceeds of the duties collected by the imperial authorities, which, under the Acts of 1888 and 1890, are "paid to the local taxation account."

In the London *Economist* of June 20th, 1890, appeared a statement taken from the 19th report of the Local Government Board, which shows what the estimated ratable value of the real property in the metropolis, in the boroughs, outside the metropolis, and in the counties of England and Wales, was, in the years 1887-8, what was the aggregate of the rates levied on all such properties and what the proportion of the taxation borne by them respectively:

Ratable real property in metropolis	£31,000,000
" " " " boroughs	27,000,000
" " " " counties	72,000,000
	£130,000,000

The total amount of the rates imposed on these several descriptions of real property in that year was £27,194,836, levied as shewn in the following statement which

also gives the amounts levied on the same classes of property in the year 1873-4, in order to show how great the increase had been, especially in the urban districts:

	Amounts levied in 1873-4	in 1887-8
By extra metropolitan authorities	£4,616,763	£ 8,049,808
By metropolitan authorities	3,907,913	6,970,732
By urban and rural authorities	8,663,310	10,295,427
By rural authorities	1,716,851	1,878,869
	£18,904,837	£27,194,836

The amount levied on districts, exclusively rural, was comparatively small and the increase in those districts was trifling.

SCOTLAND AND IRELAND.

The mode in which the amounts required for local purposes are assessed, levied and collected, and indeed the manner in which the amounts required for the different local services are determined, differ in England, Scotland and Ireland. But in all three, cities and towns own properties, from which they receive rents; and they collect dues, fees and tolls, which, in the aggregate, amount to a considerable sum. In all the three kingdoms alike, whatever else is required for local purposes—and this is much the larger portion of the total expenditure—is raised by a rate on real property.

In one of the tables prepared by Mr. Goschen, in 1870, the amounts raised in each of these countries in the years 1868-9 by rates on real property, and otherwise is thus stated:

	England.	Scotland.	Ireland.
Taxes on real property—			
Rates	£16,223,000	£1,500,000	£2,284,000
Taxes not on real property—			
Tolls, dues, etc.	4,363,000	500,000	283,000
	£20,586,000	£2,000,000	£2,567,000
Miscellaneous receipts—			
Ordinary receipts from property	£ 336,000	£ 450,000	£ 69,000
Extraordinary do	999,000		
Other miscellaneous do	1,539,000	100,000	104,000
Government grants	1,225,000	200,000	78,000
	£24,685,000	£2,750,000	£2,818,000

Of the whole amount raised by local taxation of all sorts, 78.81 per cent. was raised from real estate in England, 75 per cent. in Scotland, and 88.88 per cent. in Ireland. The taxes on real property, imposed in all ways for imperial purposes, were, in England, £7,050,337; in Scotland, £1,500,000, and in Ireland, £2,284,000.

In Scotland, the landowners pay one-half the rates and the occupants the other half. In Ireland the landowners allow as part payment of rent one-half of the poor rates, which are paid in full by the occupiers in the first instance, and since the change in the land laws, the landowners pay one-half the county rates, or cess, also.

FRANCE.

In all the countries of continental Europe the system of raising a municipal revenue differs essentially from that which has for many years obtained in England, Scotland and Ireland. In many of the cities of France a large proportion of the municipal revenue is raised by what are called the *Octroi* duties which are imposts on food, beverages, fuel and other articles, levied at the various entrances to the cities. In some other parts of Europe similar imposts are levied. They are supposed to be a survival of the Roman Portaria, and they certainly have been levied since the 13th century. Similar duties were probably levied in all the cities of Europe when those cities, to a large extent, were distinct and almost independent communities. The cities have several other sources of revenue, but the income from all these is not sufficient and the state which, for its own purposes, taxes land and houses imposes an additional tax (*centimes additionels*) sufficient to raise for the cities, departments and communes such amount as may be found to be necessary. It is not, however, left to the municipalities to determine how much shall be raised in this way. Mr. Wells, in his report on local taxation in the State of New York, says—and there is no reason to suppose that the law has been changed in this respect:—

The Revised Statutes of France provide that the *Corps Legislatif* shall annually establish the maximum rate of taxation above which no real estate shall be taxed. Then the *Corps Legislatif* annually apportions the amount to be raised by the several departments, and limits the rate of taxation which the *conseils generaux* (boards of supervisors) may levy in apportioning the rate for the expenses of the *cantons* (counties), and also for the municipalities. The *Corps Legislatif* also, in annually levying the direct taxes, gives authority for the levy of a special tax at a small rate, the proceeds of which are to be used exclusively in paying pressing claims on the departments, cantons or municipalities in case other resources are not sufficient to meet and discharge such liabilities. A permanent law defines what shall be considered as pressing liabilities, viz.: the maintenance of the buildings of the prefecture, the salaries of the judiciary, the interest of debts lawfully contracted and the judgments of the courts.

The mode in which the municipal revenues are made up can best be learned perhaps from the following statement (in pounds sterling) of the various amounts received by the municipal authorities of Paris in the year 1883, and the sources from which they were derived. It will be observed that the revenue from the centimes additionels was not quite one-tenth of the whole, and that, as under the modern English system, the general Government contributed to the cost of the police and some other expenditures. It should be stated also that an old law, which required the inhabitants to clean the streets in front of their houses every morning, is still in force, and that the amount credited to street cleaning is paid as commutation for this service and not as what is properly a rate.

Paris Revenue.

Octroi (municipal customs)	£5,996,802
Communal centimes (centimes additionels)	948,805
Municipal share in the profits of the Gas Co	604,000
Water rates and income from canals belonging to the city	442,867
Government subsidy to the municipal police	307,753

Fines and shooting licenses	£220,110
Revenue for public instruction (legacies etc.,) unknown.	
Duty on gas supplied to private persons—about 5½d. per 1,000 cubic feet	225,250
Cab-stands, omnibuses and tramways	194,937
Government subsidy for the maintenance of the public roads and streets	164,000
Dues from goods exposed for sale in the public markets.	180,112
Slaughter-houses	138,136
Householders' street cleaning tax (tax de balayage)	108,416
Warehouses	101,492
Sale of burial lots in the cemeteries	94,284
Stands in the market and market places	83,461
Paving and cleaning of the streets	95,717
Ground rents	62,594
Night soil and sewage	56,597
Rent of stands on the public streets	51,782

Including less important items, the total ordinary revenue in 1882 was £10,489,373.

The items in the extraordinary budget chargeable on general and special funds amounted to £6,450,037 but a large proportion of this consists of sums which are carried forward from one fiscal year to another till the expenses which they are meant to cover are liquidated.

The chief items in the *Octroi* revenues of Paris were:

Beverages	£2,566,118
Eatables	1,232,362
Liquids other than beverages	608,238
Fuel	463,278
Building materials	525,698
Wood for industrial purposes	246,693
Fodder	204,102
	£5,986,541

The total amount collected in all the cities of France in which *Octroi* duties are levied was, in the year 1889, about twelve million pounds sterling. The amounts stated in francs were:

Drinks and liquids	francs 139,291,342
Food	85,090,337
Fuel	32,565,756
Fodder	16,218,211
Material (building)	25,976,552
Miscellaneous	452,778
	francs 299,663,976

In 1790, the "Impot Foncier" was apportioned on property (real) according to its net revenue as a substitute for the many oppressive and often unproductive taxes, which had been imposed under the monarchical regime. It was "not to exceed one-sixth of the general revenue in amount," and one-fourth as much was to be levied for local purposes as for those of the general Government. The *cadastre* or survey and valuation of the lands, according to which this impost was apportioned, remained unchanged for a long time. As regards the value of lands the cadastre is still the same, but, in 1850, the increased value of houses was taken into account. Afterwards lands on which houses are built were separated

from what may be called farm lands, for the purpose of taxation, and the tax on lands was reduced. The tax on land "remains one of apportionment." The tax on houses, or rather on houses and the land they occupy, was thenceforward rated and the rate was fixed at 3.20 per cent. The amount raised for departments and communes, by the centimes additionels, has trebled since 1829. This tax for 1880 is stated to have been ·

For general purposes..... francs	173,817,511
For the departments	94,077,070
For the communes.....	81,904,095
For relief and other purposes.....	5,350,874
francs	355,159,550

In 1890 the land tax amounted to 255 million francs—about £10,400,000.

The Mobilier, now a house tax, is apportioned and yields about three million pounds. The additional centimes yield as much more, for local purposes, and the door and window tax added to these make the total tax on houses now, from 13 to 14 million pounds. Another statement says: "In France (under the patente) graded taxes are imposed on salaries and on the various kinds of trades. In some cases the class of trade and the population of the commune fix the amount. In others there is a fixed special rate and additions for each workman employed."

An *Impot sur les valeurs Mobiliers* is also levied. A tax of four per cent. on shares of companies, home or foreign, yielded £2,600,000.

A tax of from 10 to 2½ per cent. on dwellings and places of business of one class, and of 6 per cent. to 2½ per cent. on those of another class, yielded 4 millions in 1885, for general revenue and the *centimes additionels* yielded about £2,800,000 for local purposes.

A personal tax, the equivalent of three days' labor from each man, calculated at from five pence to one shilling and three pence per day, yields £600,000 to £700,000.

Included in what is called the *patente* are the taxes on professional and other incomes. But Mr. Goschen, speaking of France, says that: "neither for imperial nor for local purposes is there an income tax properly so called."

The whole system differs materially from that of Great Britain. A table prepared by Mr. Goschen in 1871, in accordance with the information which he obtained from official sources in France through the interposition of the English foreign office, showed that the whole amount obtained from lands and houses by means of those taxes, considerably exceeded the whole amount expended by cities, departments and communes.

"Speaking broadly," Mr. Goschen says: "the departmental expenditure is equivalent to our county expenditure, and the communal expenditure to our other local expenditure."

PRUSSIA.

The several states of the German Empire collect a land tax. There is great difference in detail, but generally, the tax is based upon official valuation. The Prussian tax "was reformed" in 1810-20, and again in 1861, when the house tax was separated from the land tax; then the amount of the land tax alone was fixed at ten million thalers (£1,500,000). The acquisition of the new Prussian Provinces, in 1866, increased the amount to two million pounds. "The additional local taxes" says Bastable, "are not easily arrived at, but for the year 1880–1 the communal and provincial extra land taxes were equal to those of the state in amount (£2,000,000), giving a total burden on land of £4,000,000, independent of the income tax."

In 1889-90 the total tax on houses, at the rate of two to four per cent., amounted to £2,200,000.

Prussia taxes traders and manufacturers, hotel and inn-keepers and hand-workers who employ an assistant, according to four different scales regulated according to the population of the district in which they are situate or employed, and other circumstances. In 1877-8 this yielded about one million pounds. Agriculturists and the professional classes are exempt from this tax.

Until 1891 Prussia had what was known as a class tax. This was a substitute for the poll tax of 1811. The mass of the population was grouped into four classes, paying various rates from £1.16 to nine pence. This was mixed up with the income tax until 1851, when they were separated. The income tax was divided into twelve classes which, under the law of 1875, paid from three shillings to £3.12, incomes under £21 being exempted. "By the law of 1891 the class tax was absorbed in the income tax, and incomes under £60 were exempted." The rate is graduated so that at £525 it is three per cent. and at £5,000 it is four per cent. The estimated revenue from this source for 1889-90 was £4,000,000.

Prussian forests and industries yielded £2,800,000 net in 1889-90.

The gross receipts of railroads was 965 million marks, and the outlay including interest, on railway debt 769 millions.

Professor Rudolf Gneist, in an article on the government of Berlin, published in the *Contemporary Review* of December, 1884, says :

"The financial department of the state requires the co-operation of the communes in the assessment of the income tax which could not be properly levied without the assistance of communal assessment committees. Since the year 1815, a Berlin house and rent tax has been levied as the ordinary direct municipal tax, whilst the other towns of the monarchy exhibit a bewildering variety of systems of taxation, arising from the excessive autonomy of the German communes. This house and rent tax is levied, like the English poor rate, in proportion to the amount of actual rent, or a rent at which the tenement is reasonably expected to be let. Of this annual rent the owner of the property pays, at present, 2 and two-ninths per cent., a very low rate indeed ; but it must be borne in mind that the state claims a house tax of 4 per cent. The occupier pays at present a tax of $6\frac{2}{3}$ per cent. of his rent ; the tax of the smallest dwellings is often remitted.

"Thus ordinary city taxes used, in former times, to be raised from time to time when the other sources of revenue did not prove sufficient. For this, other sources were restrained to a modest share in the state tax on malt liquors, to a local tax on dogs and to several fees and duties. The excise, which used to be levied on meat and breadstuffs, had in modern times to be abandoned. So it became at last unavoidable to supply the budget by a direct urban income tax introduced by by-law of the city and raised according to the principles of the state income tax. The rate of this municipal income tax is at present quite as high as the state income tax (3 per cent. of the income) and the assessment combined with that of the latter."

The budget of the city of Berlin for the year 1881–2 shows the various sources of revenue.

Direct taxes	marks 23,133,468
Indirect taxes	646,884
From real property	642,871
From chattels	592,037
From establishments	4,373,158
Rent from public places	460,018
Sale of activa	205,724

Loans	marks 1,383,989
Grants and presents	2,373,676
Profit from street paving	983,081
School fees	1,451,468
Miscellaneous	1,833,477
Total	marks 38,079,851

The sewerage rate, of one per cent. of the annual rent, is not included in this budget. The cost of paving also appears to be met by a special tax which, in this year, yielded more than was expended in that work. [A mark is about a shilling sterling].

The municipality has several sources of income which are classed as remunerative works."

	Income.		Expenses.	
Gas-works	13,317,702	marks.	9,331,000	marks.
Water-works	4,134,924	"	3,098,557	"
Canalization (sewerage)	10,843,634	"	9,466,184	"
Central cattle yard	1,776,673	"	1,419,074	"
Purchase and sale of land	1,928,361	"	1,728,837	"

Berlin has also a municipal savings bank with 32 branches which pays 3⅓ per cent. on deposits; a municipal fire insurance office in which city property is insured at a rate ranging from five to six pfennigs (½ d) per 100 marks (5£) and a municipal "Institute of Letters of Mortgage," which lends on the security of city property at 4, 4½ or 5 per cent. These institutions are said to work satisfactorily.

Bavaria, Baden and Wurtemburg tax capital, but the result is said not to be satisfactory. They also collect taxes on industry. Saxony in addition collects an income tax which, in its lower part, is practically a capitation tax. The income tax yields a revenue of £750,000. In some German cities *Octroi* duties are still collected.

AUSTRIA AND HUNGARY.

In Austria and Hungary *Octroi* duties are still collected and part of the proceeds goes to the state.

In 1879 the general land tax was fixed in Austria at 36,190,000 florins for 15 years. The local burdens were believed to reach a like amount, and the Hungarian land tax was supposed to be almost as large. The system of apportionment adopted in both secures a certain revenue, but is in some respects objectionable. In Austria, as in France, the general Government levies the taxes (*centimes additionels*) required for local purposes, and pays over the amount to the local authorities.

In Austria the house tax yields about three million pounds; in Hungary about one million.

Austria taxes industries five per cent. on the net gain, and salaries one to ten per cent. In 1883 these taxes yielded about £2,000,000.

BELGIUM AND HOLLAND.

Belgium in 1860 and Holland in 1866 abolished the *Octroi* duties. Belgium gave to the cities whose revenues were thus reduced, 75 per cent. of the proceeds of the coffee duty; 25 per cent. of the proceeds of the excise duties on sugar and wine and of the spirit duties, and 40 per cent. of postal receipts.

Belgium now has a land tax based upon an elaborate valuation which yields about £500,000 for national, and £300,000 for local purposes.

SWITZERLAND.

In some of the Swiss cantons the poll tax is still retained for local purposes.

All the cantons retain the "taxes on property and income," but no taxes of this class are imposed by the federal Government. The mode of taxation differs widely in the several cantons, but in all the income tax is graduated. In the canton of Zurich, incomes up to 500 francs are free, that being considered the "minimum of subsistence." Incomes from 500 to 1,500 francs are rated on one-fifth; the next 1,500 francs on two fifths; the next 3,000 francs on three-fifths, and the next 4,000 francs on four-fifths, and so on. An income of 12,500 francs would pay on 8,300 francs. The tax on personal property is so graduated that personalty valued at 10,000 francs pays on 5,000; valued at 100,000 francs, pays on 63,000, and valued at 200,000 francs, pays on 143,000.

Several of the cantons, especially the smaller, are essentially little else than municipalities. The cantons generally retain the poll tax.

SPAIN.

Spain abolished the *Octroi* system in 1868, but afterwards restored it.

The Spanish land tax is levied as well on the value of the stock as on the value of the land. The proportion fixed in 1890-91 was fifteen and a half per cent. on places that had given a satisfactory declaration (of values), and seventeen and a half per cent. on all others. As in France, Prussia and other countries a tax on land was levied for local purposes by the general Government in the same way as the tax for general purposes. It was estimated that the tax for general purposes would yield 115 million pesetas (£4,600,000) and the tax for local purposes seventeen million pesetas (£680,000).

PORTUGAL.

"Levies a land tax by apportionment closely on the lines of the French Impot Foncier." This yields about £650,000 a year. *Octroi* duties are collected at some of the cities, but they are not heavy and yield a small revenue.

ITALY.

The taxation is enormously heavy in this country as compared to its wealth. The municipalities derive a considerable portion of their revenues from the land tax collected by the general Government. The amounts collected from the lands in 1886-7 were:

National land tax	110,000,000 lire
Provincial " "	53,000,000 "
Communal	76,000,000 "
	239,000,000 lire = £9,200,000

This heavy tax is so badly adjusted or apportioned that in some communes the tax absorbs the greater part of the value of the land, and there have been many cases of eviction by the state. Laveleye, in his letters from Italy, states that from 1873 to 1878 no less than 35,074 small proprietors lost their properties by forced expropriations. In 1877 the number so expropriated was 6,444. The amount they owed was 662,722 francs.

Moveable wealth is taxed at the rate of 13.20 per cent or 2s. 7½d. in the £, and in 1890 this tax yielded over £9,000,000, so that it must have been thoroughly

enforced. An income tax reaches interest and other intangible property, as well as salaries, profits and professional earnings. Other very oppressive taxes were levied, the most obnoxious of which probably was the tax on "grists."

One of the tables prepared by Mr. Goschen shows what amount was raised for local purposes by taxation and otherwise in several countries of Europe in 1868, and what proportion of this amount was raised by the taxation of real property.

	Total local taxation.	percentage borne by real property.
England	£20,568,004	78.81
Scotland	1,500,000	75.00
Ireland	2,284,000	88.88
France	5,892,794	27.60
Russia	3,302,781	58.00
Holland	235,872	14.26
Belgium	272,617	17.07
Austria	808,485	53.02

The amount borne by real estate in France was so small because a large proportion of the whole revenues of several cities was derived from the *Octroi* duties. When this table was prepared *Octroi* duties were exacted in the cities of Holland and Belgium also.

UNITED STATES.

Connecticut.

The statutes of Connecticut enact that: "all property not exempted shall be liable to taxation as follows: (1) Dwelling houses with the buildings and lots appurtenant thereto, not exceeding two acres, and mills, stores, distilleries, buildings used for manufacturing purposes, and fisheries and property in fish ponds, designated and set out according to law, at their present true and actual valuation; (2) lands and separate lots, except house lots, at their average, present and actual valuation by the acre; (3) quarries, mines and ore beds, whether owned in fee or leased, at their present, true and actual valuation, and if owned by a corporation, the whole stock, property and franchise shall be set in the list of the town where such quarry, mine or ore bed is; (4) personal property not exempt shall, for the purpose of taxation, include all notes, bonds and stocks (not issued by the United States), moneys, credits, *choses* in action, and all vessels (except registered and enrolled sailing vessels), goods, chattels or effects or interest therein; and such property belonging to any resident in this State (Connecticut) shall be assessed at its then actual valuation, except when otherwise provided, but money secured by mortgage upon real estate in this State, when there is no agreement that the borrower shall pay the tax, shall be taxed only in the town where the real estate is situated. The provisions of this section shall not include money or property actually invested in merchandizing or manufacturing carried on *out of this state.*"

Registered and enrolled sailing vessels are to be assessed at a valuation equal to their net earnings during the preceding year, and it is provided that the assessment of any person need not include any property situated in another state, if such property is taxed in the state where it is; but this does not apply to

money loaned by residents of Connecticut to any party outside of said state, as money at interest; nor to bonds issued by, or loans made to any railroad company, located out of the state, when such bonds are owned and loans made by residents of the state.

Then follows a provision similar to that contained in section 26 of the Ontario Assessment Act, that property is to be assessed at its "actual valuation." The utter impossibility of dealing with local as distinguished from state taxation in almost every state of the union is fairly illustrated by a provision in the Connecticut Assessment Law, relating to the poll tax, which enacts that "every male person between the ages of 21 and 70 years shall pay a poll tax of $1, and no more for *town* and *state* taxes." There is nothing to show how this tax is apportioned between the town and the state. It is, however, evident that a poll tax is regarded as equally suitable for both *local* and *state* purposes. There are a number of exemptions from this tax, but it is intended to reach the great body of the people resident in the state. The exemptions from general taxation in Connecticut are numerous, but do not vary substantially from those allowed in Ontario.

Shares in the capital stock of any bank, national banking association, insurance, turnpike, bridge or plank road company, owned by any resident in this state, are to be assessed at their market value, but so much of the capital of any such company as may be invested in real estate, on which such company is assessed and pays a tax, is to be deducted from the market value of its stock in its returns to the assessors. In Ontario the shares held by any person in the capital stock of any incorporated or chartered bank doing business in the Province are exempt, sec. 7 (17), and the interest, dividend, or income only is liable to assessment.

In Connecticut there are numerous provisions with the object of compelling a disclosure of the information necessary for the purpose of a proper assessment of personalty in its various forms. These provisions, there as elsewhere, only partially succeed in accomplishing this object.

Water power is directed to be assessed as incidental to the machinery which is operated by it, and not separately as distinct property. The income tax does not appear to be in favor in the United States as a means of raising revenue, and in Connecticut no such tax is imposed. In some states of the union the assessment of realty is made at long intervals, but in the State of Connecticut it is directed to be made annually.

In Connecticut the cashier of every national banking association in the state is required annually, before a certain day mentioned in the Act, under a heavy penalty, to make a sworn return to the treasurer of the town in which the bank is established, of all its stockholders not residing within the State, the number of shares held by each and the market value of such shares, and he is also required within ten days of the making of such sworn return to pay such treasurer one per cent on such value. Then follow provisions with regard to railway and other corporations, which are required to pay to the *state* one per cent. of the value of their stock and one per cent. of the par value of the funded and floating indebtedness.

Corresponding provisions are also enacted with regard to express, telegraph and telephone companies, and the penalties for failing to make any of the returns or payments so required are very heavy. Connecticut is one of the States to which applies what has been elsewhere said as to moneys collected by the local authorities being partially devoted to State purposes. (*See* Statutes of Connecticut, 1888, Chaps. 241 to 244.)

MASSACHUSETTS.

The assessment law of Massachusetts, enacts that "all property, *real and personal*, of the "inhabitants of this state, not expressly exempted by law shall "be subject to taxation."

"Personal" estate for the purposes of the Act includes goods, chattels, money and effects wherever they are, ships and vessels, money at interest, and other debts due the person to be taxed more than they are indebted or pay interest for (but not including in such debts due any loan or mortgage of real estate, except the excess of such loan above the assessed value of the mortgaged real estate), public stocks and securities, stocks in turnpikes, bridges and moneyed corporations, within or without the state, the income from an annuity and so much of the income from a profession, trade or employment as exceeds the sum of two thousand dollars a year, but no income shall be taxed which is derived from property subject to taxation.

It is also provided that no taxes shall be assessed in any city or town for state, county or town purposes upon the shares in the capital stock of a corporation, organized or chartered in the commonwealth paying a tax on its corporate franchises under the provisions of a certain other Act of the Legislature, but such shares shall be taxable to the owners thereof for school, district, and parish purposes.

In addition to the assessment of real and personal property and incomes of over $2,000, a poll tax is directed to be levied of $1 on every male inhabitant of the commonwealth above the age of 20 years, and this tax may be applied either to state or county purposes.

Property in this state for the purposes of assessment is to be estimated at its "just value."

Recognizing the difficulty of securing a fair assessment of property of various descriptions, the disposition to evade taxation of every kind and the subterfuges resorted to, to accomplish this purpose, a number of stringent provisions have been enacted in Massachusetts directed against those who attempt to defeat the law in this particular. One of these provisions declares that "whoever with intent to defeat or evade the provisions of law in relation to the assessment or payment of taxes, delivers, or discloses to an assessor a false or fraudulent list, return, or schedule of property as, and for a true list of his estates not exempted from taxation, shall be punished by fine not exceeding one thousand dollars, or by imprisonment in jail not exceeding one year." The list of exemptions is dealt with elsewhere.

In Massachusetts the taxation of corporations for state purposes is the subject of a special Act of the Legislature. This Act provides, among other things, that every corporation established within the commonwealth shall make a return to the tax Commissioner on or before a given date, showing the whole number of their shares, the names and addresses of the shareholders and the "cash market value" of such shares.

All the shares of stock in banks are to be assessed to the owners thereof in the cities or towns where such banks are located whether such owner is a resident of such city or town or not, but the tax in the first instance is to be paid by the bank direct, and for the amount so paid in taxes, the bank is to have a lien on the shares as against the shareholders.

In Massachusetts, savings' banks are required to pay one-half of one per cent. on their deposits; and elaborate provisions are enacted with regard to the

taxation of "corporate franchises," including fire, marine, and life insurance companies, railway, telegraph and telephone corporations, trust companies and other associations, the object evidently being to compel them to pay an adequate tax for the special privileges they enjoy under the laws of the state (*See* Chapters 11, 12 and 13, Statutes of Massachusetts, 1882.)

MAINE.

The first section of the Act respecting the assessment and collection of taxes in the State of Maine, directs that "a poll tax shall be assessed upon every male inhabitant of the state above the age of 21 years, whether a citizen of the United States or an alien," and this tax is not to exceed $3. The second section establishes a principle of taxation no less general in its application, by virtue of which "all real property within the state, all personal property of "inhabitants of the state and (certain) personal property of persons not inhabit-"ants of the state, is subject to taxation," excepting only specified exemptions.

"Personal" estate for the purposes of taxation includes all goods, chattels, moneys, and effects wheresoever they are, all vessels at home or abroad, all obligations for money or other property, money at interest and debts due the person to be taxed more than they are owing, all public stocks and securities, all shares in moneyed and other corporations within or without the state, and all annuities payable to the person to be taxed when the capital of such annuity is not taxed in the State of Maine.

The capital stock of banks and other corporations is assessable. Ample provisions are made to compel managers and other officers of these institutions to make a full disclosure of all information required to enable assessors to discharge their duties, and the mode of collecting the tax upon such capital stock appears to be rather summary. The collector is to cause a written notice to be delivered to the cashier or president of the bank, stating the description of stock taxed, to whom assessed, and the tax thereon. No dividend is to be paid on such stock after such notice until the tax thereon is paid. The cashier may pay the tax, and such payment shall constitute a charge against any dividend thereon, but should the tax remain unpaid for ninety days, the collector may sell the stock in the manner prescribed in the Act. Then follow provisions regulating the taxation of railroad, telegraph, telephone, express and foreign insurance companies, and savings' banks, but as these are similar to those in force in Connecticut and Massachussetts which have already been described, they need not be referred to at length, especially as the tax on these is largely for State purposes.

There is, however, one feature of the law in this State to which reference may be made; the statute provides that when a tenant paying rent for real estate is taxed thereon, he may retain out of his rent *half* of the taxes so paid by him, and when a landlord is assessed for such real estate he may in the absence of any agreement to the contrary, recover from the tenant *half* of the taxes so paid by him. There are in Maine, as elsewhere in the United States, certain territorial divisions unknown to the municipal law of Ontario, such as "plantations" and "parishes," but the same principles of taxation apply in these as in the larger divisions. (*See* Chap. 6, Revised Statutes of Maine, 1883.)

MICHIGAN.

The "tax law" of this state by its first section, provides that "all property within the jurisdiction of this state not expressly exempted shall be subject to taxation."

For the purpose of taxation the term "real property" in Michigan is construed to include all lands within the state, and all buildings and fixtures thereon, and also all mortgages on real estate, deeds of trust, contract or other obligation, by virtue of which land in Michigan is pledged for the payment and discharge of any debt.

"Personal property" includes all goods and chattels, ships, boats and vessels, all shares in corporations organized under the laws of the state, including bank shares, and generally speaking all other property not included in the definition of real property.

The present assessment law of Michigan was only enacted in 1891, and under its provisions it is the duty of the assessing officer to "require every person of full age and sound mind to make and subscribe to a true and correct written statement under oath, of all the taxable property of such person, whether owned by him or held for use of another," and in every case when any person shall wilfully neglect or refuse to make out and deliver such sworn statement, said person is to be deemed guilty of a misdemeanor, and upon conviction thereof, is subject to a fine of $100 or thirty days in the county jail, or to both fine and imprisonment in the discretion of the court, and if the assessing officer is not satisfied of the correctness of any such sworn statement, he is empowered to examine anyone upon oath touching the property in question. Property is to be assessed for the purpose of taxation at its "cash value," and all "corporate property," except where some other provision is made by law, shall be assessed to the corporation, as to a natural person in the name of the corporation, and "the place where its principal office in the state is situated shall be deemed its residence."

The law also provides that: "A mortgage, deed of trust, contract or other "obligation by which a debt is secured by a lien upon real property within this "state, shall, for the purpose of assessment and taxation, be deemed and treated as "an interest in such real property, except as to the property of railroad and *quasi* "public corporations. In such case the value of the property affected by such "mortgage, deed of trust, contract or obligation, less the value of such security, "shall be assessed and taxed to the owner of the property, and the value of such "security shall be assessed and taxed to the owner thereof, in the county and "assessing district in which the property so affected is located. The taxes so "levied shall be a lien upon the property and security, and may be paid by either "party to such security. If paid by the mortgager (mortgagor) or holder of the real "property, such portion as was assessed to the mortgagee shall be considered and "treated as payment on any interest that may be due, or if there is no interest "due, then as a payment of so much principal.

"If paid by the mortgagee or holder of the security, such portion as was "assessed to the mortgager (mortgagor) or owner of the fee, shall become a lien "npon the land or real property, and be added to all other obligations and become "subject to the same terms and conditions as such mortgage or other property.

"*Provided*, that it shall not be lawful for either party to pay the portion of "the tax assessed to the other, until after the expiration of thirty days from the "time the warrant for the collection of the taxes has been placed in the hands of "the treasurer.

"*Provided further*, that if the said mortgagee shall neglect or refuse to pay "the tax assessed to him as the holder of any such mortgage, deed of trust, con-"tract or other obligation, the treasurer shall proceed to collect the same from the "mortgager (mortgagor) or holder of the said real estate, in the same manner as "is provided by law for collecting other taxes, and any delinquent tax accruing "by reason of the failure to collect the tax assessed upon any such mortgage,

"deed of trust, contract or other obligation, may be returned against the said "land in the same manner as other delinquent taxes. If any such security or "indebtedness shall be paid by any such debtor or debtors, after the tax shall "have become a lien upon the real property affected thereby, the amount of the "tax levied shall become an offset against such indebtedness. It shall be the "duty of the holder of any such mortgage, deed of trust, contract or other obliga- "tion, to file with the supervisor, or other assessing officer of the township or "assessing district in which the land or real property affected thereby, is situated, "before the 10th day of April of each year, a written statement under oath of all "his estate situated in such township or assessing district, liable to assessment "and taxation under the provisions of this Act, otherwise a written statement of "the mortgagee's interest in any such real estate, may be filed with the supervisor "by the mortgager (mortgagor) or owner of the fee. No mortgage, deed of trust, "contract or other obligation, by which any incumbrance upon real estate situated "in more than one assessing district shall be created, shall be accepted for record, "or recorded by any registrar of deeds within the state, unless there shall be "contained therein or appended thereto, a statement apportioning for purposes of "taxation, the incumbrance so secured by such real estate upon the separate "parcels of land included in such instrument for record, so as to shew the pro- "portionate amounts to be assessed as an interest on each parcel in the different "assessing districts.

"The obligor may include such apportionment in such instrument, but in case the "obligor shall fail to do so, the obligee or some authorized person in his behalf, "may append the statement of apportionment to such instrument." The exemptions are somewhat fewer than in most of the states and are as follows: (1) All public property belonging to the United States, the state of Michigan, or to any county, city, village, township or school district within the state. (2) The personal property of all benevolent, charitable, and scientific institutions incorporated under the laws of the state, and such real property as shall be occupied by them for the purposes for which they were incorporated. (3) All houses of public worship, with the land on which they stand, and also any parsonage owned by any religious society of this state and occupied as such. (4) All property of cemetery associations, and lands used exclusively as burial grounds. (5) Library or school books to the value of $150, and the personal wearing apparel of every individual, and all family pictures. (6) Household furniture to the value of $200, musical instruments not exceeding $150 in value, and other personal property used by any householder in his house ot the value of $200. (7) The real and personal property of persons, who, in the opinion of the supervisor are by reason of poverty unable to contribute towards public charges and (8) All mules, horses and cattle not over a year old, all sheep and swine not over six months old, and all domesticated birds and insects. (*See* Chap. 200, Laws of Michigan, 1891.)

NEW YORK.

The first section of the assessment law of New York State, provides that: "All lands and all personal estate within this state, whether owned by individuals or by corporations, shall be liable to taxation, subject to the exemptions hereinafter specified."

Personal property is defined to include, among other things, "public stocks and stocks in moneyed corporations."

All real and personal estate liable to taxation is to be estimated and assessed by the assessors at its full and true value, as they would appraise the same in payment of a just debt due from a solvent debtor.

In almost every other state of the union the persons liable to assessment are required to deliver to the officer making the assessment a sworn statement showing all the property of such persons liable to taxation, but in the State of New York it is the duty of the assessors to prepare the assessment roll after making a "diligent enquiry" as to the facts, and the assessors are required to swear to the correctness of the roll as is the practice in this province. Another similarity is to be found in the fact that, in assessing personal property the "just debts" owing by the persons and corporations so assessed, are to be deducted.

In New York as in many other states of the union special provisions are enacted respecting the taxation of corporations, joint stock companies and associations. Taxes raised from this source in New York are for the use of the state.

Every corporation, joint stock company or association, excepting banks and certain other corporations mentioned in the Act, is to be subject to and pay a tax "upon its corporate franchise or business" into the treasury of the state annually, to be computed as follows: "If the dividend or dividends made or declared by such corporation, joint stock company or association, during any year, amount to six or more than six per centum upon the par value of its capital stock, then the tax to be at the rate of one-quarter mill upon the capital stock for each one per centum of dividends so made or declared, or if no dividend be made or declared, or if the dividend made or declared do not amount to six per centum upon the par value of said capital stock, then the tax to be at the rate of one and one-half mills upon each dollar of the *valuation* of the said capital stock." Provision is also made for cases in which such company or corporation shall have issued more than one kind of stock, such for instance as common and preferred stock. Railroad, canal, steamboat, insurance and other corporations, are also subject to this Act, a slight variation being made in the rates, some of them paying five-tenths of one per centum upon the gross earnings, and in the case of certain insurance companies, eight-tenths of one per centum upon the gross amount of the premiums.

With regard to banks the ordinary law applies. The stockholders are assessed and taxed "on the value of their shares of stock therein," and such shares are to be included in the valuation of the personal property of such stockholders at the place, city, town or ward where such bank is located, subject to all the deductions and exceptions allowed by law in assessing the value of other taxable personal property owned by individual citizens of the state. The local authorities charged with such assessment are required, within ten days after completing such assessment, to give written notice to each bank of the assessment of the shares of its respective shareholders, and no personal or other notice to such shareholders individually is necessary for the purposes of the Act. Provision is made whereby the assessors can obtain the information necessary to enable them to make the assessment of bank shares, and the assessment when made is a lien on the stock, and the manager or other officer of the bank may pay the tax, and deduct the same from any accrued or accruing dividend. There is also an Act in the State of New York to "tax stock corporations for the privilege of organization," by virtue of which every corporation, joint stock company or association incorporated by or under any general or special law of the state having capital stock divided into shares, is required to pay to the state treasurer, for the use of the state, a tax of one-eighth of one per centum upon the amount of the capital stock which such corporation, joint stock company or association is authorized to have, and a like tax upon any subsequent increase thereof.

The Act further provides that such tax shall be deemed payable upon the incorporation of any such corporation, joint stock company or association, and no

such corporation, joint stock company or association shall have or exercise any corporate powers until such tax shall have been paid. The Act is not to apply to any literary, scientific, medical or religious corporation, or to corporations organized under the banking laws.

As has been pointed out in another part of this report, the assessment laws of the State of New York do not appear to have produced satisfactory results, and a committee of the legislature is now sitting for the purpose of enquiring into the whole question, but it has as yet issued no report. The chief ground of complaint is that a very large proportion of personalty in this state escapes taxation altogether, and it is even stated that not more than from ten to twenty per cent. of it is actually entered on the assessment rolls. The exemptions do not differ materially from those in other states. If, however, it be true that seventy-five or eighty per cent. of all the personalty in the state escapes taxation, the exemptions allowed by the statute, beyond showing the intention of the legislature, are of little consequence. (*See* Revised Statutes of New York, 1889, published by Banks & Brothers; 8th ed., Vol. II., Chap. 13.) *See also same volume, page 1580.*

OHIO.

In the assessment law of Ohio, we meet with this declaration: "All property, whether real or personal, in this state, and whether belonging to individuals or corporations, and all moneys, credits, investments in bonds, stocks or otherwise, of persons residing in this state, shall be subject to taxation, except only such as may be expressly exempted therefrom."

The definition as given in the statute, of the term "personal property," is altogether too long, to reproduce in full, and a synopsis is all that will be attempted in this place. For the purpose of assessment it is held to include every tangible thing being the subject of ownership, whether animate or inanimate, other than money, and not forming part of any parcel of real property and also the capital stock and undivided profits of every company whether incorporated or unincorporated. A technical definition of "money" and "credits" is also given, and persons liable to assessment are permitted to deduct the "legal *bona fide* debts owing by such persons," as in Ontario. Personal property is to be valued at its "usual selling price" for the purposes of the Act and "real estate" at its "true value in money," which is only another way of expressing the same thing. Persons liable to assessment, and even those who claim to be exempt, are required to make their returns or statements under oath, and adequate punishments are provided for those who are guilty of any irregularity.

Provisions are also enacted with regard to the taxation of banks, railroad, express and telegraph companies, but as there is nothing special in these provisions it is not deemed necessary to refer to them at length.

Ohio is one of the states in which, although the municipal authorities collect the taxes, a part of the same are paid over to the state. The law requires the state auditor annually on or before a given date to "give notice to each county "auditor of the rates per centum required by the general assembly to be levied "for the payment of the principal and interest of the public debt, for the support "of common schools, for defraying the expenses of the state, and for such other "purposes as shall be prescribed by law; which rates or per centum shall be "levied by the county auditor on the taxable property of each county on the "duplicate, and shall be entered in one column and denominated state taxes."

There is however one feature of the legislation of this state respecting taxation, which may be of interest, showing as it does the difficulty of obtaining a full and fair assessment.

The feature referred to is, the passage of an Act in 1888, entitled "An Act to secure a fuller and better return of property for taxation and prevent omissions of property, from tax duplicate." This Act authorizes the appointment of officers called "tax inquisitors," whose business it is to ferret out property which has not been assessed. Such officers must be remunerated out of the proceeds of taxation recovered through their instrumentality, and such remuneration is not to exceed 20 per cent. of the amount so recovered.

The whole subject is dealt with in eight chapters. Title XIII. of the Revised Statutes of Ohio, 1890.

VERMONT.

The assessment law of Vermont commences with a declaration that: "The polls of the male inhabitants of the state, citizens and aliens over 21 and under 70 years of age, shall be set in the list at $2 each, except the polls of persons actually poor or from whom a tax is not likely to be collected." And following this is a provision that: "All real and personal estate shall, except as otherwise provided be set in the list at one per cent. of its value in money, on the first day of April of the year of its appraisal."

The exemptions from taxation will be dealt with in their proper place, but it may here be stated that the law of Vermont expressly provides that "All manufacturing establishments hereafter erected, all quarries and mines hereafter opened by any individual company or corporation and all the machinery necessary for the prosecution of the business *all capital invested in and used for operating same*, together with all such machinery hereafter put into buildings, already erected but not now occupied, when the amount invested actually exceeds $1,000 shall be exempt from taxation for a term of five years.

There are provisions respecting the taxation of the capital stock of banks, "moneyed and other corporations," but they present no feature of special interest. There are also special provisions relating to the taxation of savings banks, trust corporations, express and telegraph companies, for state purposes only. Personal property is appraised yearly, but "real estate" is assessed "quadrennially." We find again in this state, minor territorial sub-divisions mentioned, such as "fire districts" and "gores," but these sub-divisions do not affect the principles of taxation. There are the usual provisions as to "oaths," to be taken by persons liable to assessment, and penalties are prescribed for those guilty of neglect or refusal to observe the law, and those who wilfully violate it are liable to punishment more or less severe, according to the degree of their guilt.

See Revised Laws of Vermont, 1880. Title IX. Chapters 22 to 26; *also secs.* 3593-7, *and secs.* 3662-3.

PROVINCE OF QUEBEC.

The municipal code of the Province of Quebec provides that every municipal council has the right to levy by direct taxation on all the taxable property, or only on all the taxable real estate of the municipality, as it may see fit, any sum of money required to defray the expenses of administration, or for any special purpose whatever within the scope of the functions of the council (article 489), and in the absence of any special declaration that the taxes are to be exclusively levied on real estate, it is provided that municipal taxes must be apportioned as well on the movable property as on the taxable real estate (article 937).

Municipalities are also empowered to levy annually, by way of personal taxes, upon the following persons: (1) Upon every tenant who pays rent, a sum not exceeding five cents in the dollar, upon the amount of his rent. (2) Upon

every male person of 21 years of age, residing in the municipality, and not otherwise taxed by virtue of said code, a sum not exceeding $1. The code also provides that the following property is taxable in every local municipality in which it is possessed, (a) the yearly salary or income derived from the office of every judge or other civil servant appointed by the Federal or Provincial Governments; (b) the annual professional income of every advocate, notary, physician, surgeon, dentist, civil engineer, or provincial land surveyor; (c) the annual salary of all other persons engaged in another's service, and whose salary exceeds $400 per annum. Crown lands occupied whether under or without location tickets, are deemed to be taxable property, but the municipal taxes for which they are liable cannot in any case be recovered from the Crown.

Article 582 of the code authorizes municipal councils to compel each of the following persons to take out a license from the corporation for the exercise in the municipality of his trade, occupation or calling, and to prevent the carrying on of such trade, occupation or calling without such license. (1) Every broker or banker, and every wholesale or retail trader, merchant and dealer residing in the municipality or not, except such persons as are obliged to take out licenses from the Government of the province, in so far only as relates to the particular business for which they must have such license. (2.) Every carter or common carrier. (No such license can be given for a longer period than 12 months.) The price fixed for granting any such license in virtue of this article must be proportioned to the extent of the business, trade, or occupation of each person bound to take a license, and fixed at the discretion of the council, but such price must not exceed $20 in the cases set forth in paragraph 1, and $12 in the case of paragraph 2. No municipal corporation shall, however, levy any tax upon any commercial traveller taking orders or selling goods, wares or merchandize by sample, catalogue or price list, or require any such person to procure a license from such municipal corporation, notwithstanding anything to the contrary in any statute.

Taxes upon Commercial Corporations.

In 1888 the Legislature of Quebec passed an Act imposing special taxes on commercial corporations for provincial purposes, and these taxes are of course in addition to the burdens already levied by the municipal authorities. The Act in question recites that in order to provide for the exigencies of the public service every one of the following companies and corporations doing business in the Province, namely: Every bank, insurance company, incorporated company carrying on any labor, trade or business in the Province, loan company, navigation company, telegraph and telephone company, city passenger railway or tramway company, and every railway company shall respectively pay annually the following taxes:

Banks.

(a) One hundred dollars on every one hundred thousand dollars, or fraction of one hundred thousand dollars of the paid up capital, up to one million dollars inclusively; fifty dollars for each one hundred thousand dollars or fraction of one hundred thousand dollars of the paid up capital from one million dollars to three million dollars inclusively; twenty-five dollars for each one hundred thousand dollars or fraction of one hundred thousand dollars, of the paid up capital from three million dollars to six million dollars inclusively, and fifteen dollars for each one hundred thousand dollars, or portion of one hundred thousand dollars, over six million dollars; except in the case of banks whose organization is outside of said Province, but which have branches or agencies in the Province, which shall

each pay a principal tax of a fixed amount of one-tenth of one per cent. upon the amount of the paid up capital if such capital is one million dollars or less, of one thousand dollars if the paid up capital exceeds one million dollars but does not exceed two million dollars, and of fifteen hundred dollars if the paid up capital exceeds two million dollars.

(b) An additional tax of one hundred dollars for each office or place of business in the cities of Montreal and Quebec and of twenty dollars for each office or place of business in any other place.

Insurance Companies.

(a) An insurance company carrying on the business of one kind of insurance only, $500.

(b) If carrying on the business of two or more kinds of insurance at the same time, $500 for the first and $50 for each of the others.

(c) Companies known as plate glass insurance companies shall each pay a tax of one-tenth of one per cent. upon the amount of their paid up capital.

(d) An additional tax of $100 for each place of business in Montreal and Quebec and $5 for each place of business in any other place.

(e) Every person acting as a broker for marine insurance companies, which do not carry on the business of insurance in the Province and have no office or place of business therein, shall pay a principal tax of $200 and an additional tax of $50 for each of his offices or places of business.

Loan Companies.

(a) A company with a fixed capital exceeding five hundred thousand dollars shall pay $400, with an additional sum of $50 for each million dollars or fraction of one million dollars of the paid up capital of the company over one million dollars.

If the fixed capital exceeds four hundred thousand dollars, but does not exceed five hundred thousand dollars, $300; if it exceeds three hundred thousand dollars, but does not exceed four hundred thousand dollars, $250; if it exceeds two hundred thousand dollars, but does not exceed three hundred thousand dollars, $200; if it exceeds one hundred thousand dollars, but does not exceed two hundred thousand dollars, $150; if the fixed capital is one hundred thousand dollars or less, one-tenth of one per cent. upon the amount of the capital.

(b) A company without a fixed capital, $100.

(c) An additional tax of $100 for each place of business in Montreal or Quebec, and of $50 for each place of business in every other place, when the fixed capital exceeds one hundred thousand dollars; when the fixed capital is one hundred thousand dollars or less, and when there is no fixed capital the additional tax shall be $50 for each place of business in Montreal and Quebec, and $25 for each place of business in every other place.

Navigation Companies.

(a) One-tenth of one per cent. upon the amount of the paid up capital up to five hundred thousand dollars inclusively, and $50 for every one hundred thousand dollars or fraction of one hundred thousand dollars, above five hundred thousand dollars.

(b) An additional tax of $50 for the most important office or place of business in each of the cities of Montreal and Quebec, and of $20 for the most important office or place of business in every other place.

Telegraph Companies.

(a) Every telegraph company and every other company working a telegraph line for the use of the public, one-tenth of one per cent. upon the amount of the paid up capital up to fifty thousand dollars.

(b) Two thousand dollars for every company, the paid up capital whereof exceeds fifty thousand dollars.

Telephone Companies.

One-tenth of one per cent. upon the amount of the paid up capital if it is fifty thousand dollars or less, and fifteen hundred dollars if it exceeds fifty thousand dollars.

City Passenger Railway or Tramway Companies.

$50 for each mile of single track of railway or tramway in operation and $100 for each mile of double track in operation.

Railway Companies.

(a) The railway companies mentioned in the schedule annexed to the Act, and including a part of the C. P. R. and the whole of the G. T. R. in the Province, and also including every railway company having received or receiving subsidies from the Government of the Province are required to pay $10 for each mile of railway in operation.

(b) All other railway companies, $5 for each mile of railway in operation.

Other Incorporated Companies.

(a) Every incorporated company carrying on any labor, trade or business in said Province other than those hereinbefore mentioned, are required to pay one-tenth of one per cent. upon the amount of their paid up capital to one million dollars, and $25 for each one hundred thousand dollars or fraction of one hundred thousand dollars, for all sums over one million dollars.

(b) An additional tax of $50 for each place of business, factory or workshop in the cities of Montreal and Quebec, and of $25 for each place of business, factory or workshop in every other place. *(See R. S., Quebec, 1888, Vol. 1, Art. 1143-1153.)*

By an Act passed in 1892 every person or firm, other than incorporated companies engaged in or who desire to engage in the manufacture of any article of commerce, or in any manufacturing industry other than the manufacture of tobacco and cigars within the Province, is required so soon as his capital exceeds the sum of five thousand dollars to take out an annual license, for which he shall pay to the Provincial collector $50, if the capital employed does not exceed fifty thousand dollars.

If it exceeds fifty thousand dollars, but does not exceed one hundred thousand dollars, $100. If the capital employed exceeds one hundred thousand dollars, $150.

Tobacco and cigar manufacturers are required to take out a license annually based upon the annual value or rental of the premises occupied by such manufacturer according to the following rate:

If such rental is $300 or under	$100 00
Over $300 and not exceeding $400	150 00
Over $400 and not exceeding $600	250 00
Over $600 and not exceeding $800	400 00
Over $800	500 00

Then follow provisions applicable to every "shop-keeper, trader, person or firm other than an incorporated company who keeps a shop, carries on trade or business, or who sells or desires to sell within the Province by wholesale or retail, any timber, lumber, coal, tobacco, cigars, goods, wares or merchandise of any kind, and who is not liable to the tax payable by manufacturers, or who has not already taken out a license under the Quebec License Law for the sale of intoxicating liquors." These provisions regulate the annual tax which the several classes of persons therein mentioned are required to pay ranging in amount from $10 to $100. (*See 55-56 Vic., Quebec, Chap. 10.*)

Some of the provisions contained in the Acts cited above are, it is understood, likely to become the subject of litigation.

A further Act of the legislature of Quebec was also passed in 1892, entitled, "An Act respecting direct taxes upon certain persons," and reciting that the present revenue is insufficient to meet the increased expenditure and additional burdens of the Province, and that it is expedient and necessary to levy new taxes.

By virtue of this Act all members of the different liberal professions, namely: Advocates, notaries, physicians, dentists, land surveyors, civil engineers and architects practising their respective professions within the limits of the Province are required to pay to the collector of provincial revenue the following direct taxes:

1. Those who reside in incorporated cities and towns, an annual sum of $6 each.
2. Those who reside in other municipalities in the Province, an annual sum of $3 each.
3. All the members of the executive council, the members of the civil service and public employees and officers receiving a fixed salary are required to pay a direct tax of 2½ per cent. upon their respective salaries over $400.

There is also an Act imposing a tax on the transfer of real estate at the rate of one and a half cents on each dollar of the value of such real estate.

The Liquor License Act was revised in 1892 and the licenses increased.

MANITOBA.

The Municipal Assessment Act of 1891, of the Province of Manitoba, provides that all lands and personal property shall be liable to taxation subject to certain exemptions mentioned therein, and *personal* property is defined to include shares or stocks of incorporated companies. There is a clause in the Act directing that the personal property of an incorporated company or corporation shall be assessed against the company or corporation, and that ships and vessels or shares therein shall be assessed against the owners at their port of registry, and there is also a provision unknown to our own law, to the effect that all lands in rural municipalities improved for farming or gardening purposes, shall be assessed at the same value as such lands would be assessed, if unimproved, the object evidently being to attract agricultural settlers. When lands are improved for other purposes, even in rural municipalities, the value of such improvements are to be added to the assessment, and in the case of villages, towns and cities, assessments are to be so made that the burden of taxation will fall equally upon both real and personal property in proportion to their respective values.

In assessing stocks-in-trade the assessor may assess a person, firm or corporation doing business, for the amount of the average stock-in-trade kept on hand by such person, firm or corporation during the twelve months immediately prior

to the time of the assessment, and the person liable to assessment is bound to supply evidence of this average, no deduction being allowed on account of indebtedness therefor as in Ontario.

The exemptions are referred to under their appropriate heading.

There does not appear to be any authority in Manitoba to levy an income tax. The city of Winnipeg is governed by the general law, as amended by an Act passed in 1893, containing special provisions relating to Winnipeg, to which reference is made in another part of this report.

NEW BRUNSWICK.

No change in the law of New Brunswick, respecting taxation, has been made for a number of years, and the present law is found in the Consolidated Statutes of that Province prepared in 1877; the amendments since that time have been immaterial. The incidence of municipal taxation is regulated as follows:—

One-sixth part of the sum to be raised shall be levied by an equal rate as a poll tax on male persons of twenty-one years of age, and not being paupers, and the residue of the sum to be raised shall be levied upon the whole ratable property, real and personal, and ratable income, in just and equal proportions, according to the assessed value or amount of the same, and not upon any one or more kinds of property or income or subjects of assessment in particular, or in different proportions.

The list of exemptions, although somewhat shorter, does not materially differ from our own, except in one particular, and that has reference to church property, which does not appear by the general law to be exempt from taxation. By correspondence your Commissioners learned that although there was no statute law applicable to the entire province, authorizing the exemption from taxation of such property, it was tacitly understood that such exemption should be permitted, and, as a consequence, property of the character referred to is not assessed.

There is a provision to the effect that real and personal property shall be rated at its full cash value, subject, however, in the case of personal property, to a reduction for indebtedness.

Income is to be rated at its actual amount, and the statute declares that it shall not be subject to any deduction by reason either of indebtedness or expenses of living, but the income of a merchant arising from profits of business, shall be subject to a deduction equal to the interest upon so much of the value of his stock as is rated under the head of personal property. The only incomes absolutely exempt from taxation are those which do not exceed $200, and there is a further provision that the property, to the amount of $500, of a widow or unmarried female, or wife deserted by her husband, and compelled to earn her own living, shall also be exempt.

Personal property liable to assessment under the Act, is defined to include money at interest or otherwise, securities, notes, mortgages, debentures, accounts, public stocks, and all other property, except real estate and income.

Personal estate belonging to a joint stock or other corporation, having its principal place of business within the province, may be assessed in the parish where its principal place of business is situated, in the name of the corporation or of the president, manager, or agent thereof, but no stockholder of any joint stock corporation, as aforesaid assessed hereunder, shall be assessed for his stock, or income derived from such stock.

A foreign corporation having a place of business within the province must be assessed in respect of its personal property within the province, and upon its

income derived from its business within the province, in the same manner as to *personal* property, as a joint stock or other corporation having its principal place of business within the province, and as to its *income*, in the same manner as an inhabitant of the province.

Where any branch or agency of any business, carried on beyond the limits of the province, is established at any place within the province, no person assessed in respect of the said business carried on within the province, shall be liable to assessment on his interest in the general business abroad, either as personal estate or income, "but shall be liable to assessment only on real estate within the province, and on the personal estate employed within the province in such business, and income derived from within the province, and on investments made from earnings within the province wherever such investments may be."

The paid up capital stock of a joint stock company is to be assessed as personal property of the corporation, and at its correct value at the time of assessment, but the amount assessed on any real estate of such company is required for the purpose of assessment to be deducted from the value of such paid up capital stock.

NOVA SCOTIA.

The present Act relating to municipal assessments in the Province of Nova Scotia, was passed in 1888, and it is therein enacted that for all purposes for which local and direct taxes may be levied, all *land* and all such *personal property* and *income* as is defined in the said Act, shall be liable to taxation, and there is a provision to the effect that one-fourth and no more of all local and direct taxes shall be levied and assessed by an equal rate, as a poll tax, on all male persons living within the district of the age of twenty-one years and not being paupers; and the other three-fourths shall be levied and assessed upon the whole taxable real and personal property, and income of the locality to be taxed in proportion to the assessed value thereof, but such poll tax is not to exceed the sum of fifty cents on any individual, and the council in any municipality may order the whole amount to be levied and assessed solely upon real and personal estate and income. There is not sufficient dissimilarity between the exemptions in Ontario and Nova Scotia to justify a detailed statement of them. Attention may, however, be called to the fact that "personal property" defined in the Act includes all stocks of banks, public or private banking companies, or marine, life or fire insurance companies, or associations, or agencies of such banks, banking companies or associations, doing business within any municipality or incorporated town wherever the head office may be—to be assessed to such banks, banking companies, insurance companies, associations or agencies, and not to the individual stockholders. Such banks, companies, associations, and agencies, shall be rated as holding $100 of personal property for every $20 net annual income or profit derived from the business done by them at the place where the same is assessed, whether the profits of the year are declared or reserved, provided that in any incorporated town or district where there is a local bank or banks, and also one or more agencies, every such agency shall be assessed for an amount not less than the lowest amount assessed to any local bank in such place, provided, further, that in any district or town in which there is no local bank, the rate payable by any banking agency shall not be less than the sum of $150.

Ships and shares in ships or vessels are only to be assessed at *one half* their value.

Income is exempt to the extent of $400, but there is no provision in Nova Scotia corresponding to sub-section 21 of section 7 of our Assessment Act, whereby so much of the personal property of any person, as is equal to the just debts owed by him on account of such property, is exempt from taxation.

PRINCE EDWARD ISLAND.

The only Province of the Dominion not divided into municipalities is Prince Edward Island—the city of Charlottetown and the town of Summerside are the only two places on the island enjoying municipal institutions, and they are governed by special charters. In all other localities the work, which in Ontario is done by the municipal councils, is there undertaken by the general government. The sole exception to this rule is the school system. For the purposes of education the island is divided into school districts which appoint their own trustees who are authorized to collect a certain amount of taxation in each district for building purposes, etc., but the salaries of the school teachers are provided by the government.

With regard to both Charlottetown and Summerside, the taxes are principally raised by an assessment on real and personal property and a poll-tax; income is not assessed, but there are the usual special sources of revenue, such as police court fines and licenses of various descriptions. No special features present themselves; the exemptions include churches and educational institutions.

BRITISH COLUMBIA.

The Assessment Act of British Columbia provides that: "All land and personal property and income in the Province of British Columbia shall be liable to taxation," subject to certain exemptions. The term "personal property" includes income, goods and chattels, shares in incorporated companies, mortgages, dividends from stocks, money, notes, government or municipal bonds or securities, accounts and debts at their actual value, and all other property except real estate.

Then follows a provision that: "There shall be assessed, levied and collected from every person and paid to Her Majesty, her heirs and successors, the sums following:-

"Two-thirds of one per cent. on the assessed value of real estate.

"One-half of one per cent. on the assessed value of personal property.

"Three-quarters of one per cent. on the income of every person of $1,500 and over;" and there is also a tax of two per cent. on the assessed value of what are called "wild lands" within the Province; these lands are defined to be lands upon which there shall not be existing improvements, when assessed, to the value of $2.50 per acre when situated west of the Cascades and $1.25 per acre when situated east of the Cascade Range of Mountains.

A specific tax is imposed on cattle and sheep depastured on Crown lands at the rate of 25 cents per head on all cattle (and the word "cattle" includes horses and mules as well as horned cattle) and five cents per head on all sheep.

There is also an Act imposing on every male person in the Province, over 18 years of age (with certain exceptions), a poll-tax of $3 annually.

The Municipal Act, 1892, of British Columbia, enacts that *land* within a municipality shall be estimated for the purpose of assessment at its actual cash value, as it would be appraised in payment of a just debt from a solvent debtor, but a distinction shall be made between *land* and the *improvements* thereon, and

the respective value of land and improvements thereon shall be estimated, for the purpose of assessment, separately, and *improvements* shall not be estimated for the purpose of assessment in excess of fifty per cent. of their value; and it shall be lawful for the council of any municipality to pass a by-law either exempting improvements altogether from assessment, or else providing that improvements shall be assessed at a rate of less than fifty per cent. of their value, but this provision does not apply to real property held by any railway company. The three chief cities of British Columbia, viz.: Victoria, Vancouver and New Westminster, are each governed by a special charter, but they contain no provision to which special reference need be made in this report.

TORONTO.

The total assessment of Toronto for the year 1892 was $152,952,936, made up as follows:

Assessed value of real estate	$136,584,003
" " personal estate	10,308,660
" " income	6,060,273
	$152,952,936

The above assessment was somewhat reduced on revision and as finally confirmed by the county judge amounted to $151,158,606. We were unable to obtain any information showing how the reduction affected real and personal property and income respectively, but the larger part of it may probably be referred to real estate. Upon the amount so confirmed a rate was struck of 14½ mills on the dollar, thus making the amount collectable as general taxes for said year $2,191,799. Toronto also derived from other sources last year a revenue of $747,907, of which the following were the principal items:

Waterworks revenue	$427,000
Rentals of city property	22,307
Liquor licenses	31,000
General city licenses	28,500
Market and weigh-house fees	26,000
Police court fines and fees	10,000
Revenue from street railway	120,000
Bell Telephone Company (percentage)	6,000
City registry office (proportion of fees)	9,000

thus giving Toronto a total civic revenue for last year of nearly $3,000,000 independent of the amount collected and expended for local improvments.

For the year 1893, although the assessment on real property has been somewhat increased, the total assessment, owing to causes hereinafter referred to, has been reduced by the sum of $392,571.

The figures which are taken from the assessment roll stand as follows:

Real Property.	Income.	Personal.	Total.
$138,619,813	$4,758,485	$8,535,024	$151,913,322

The assessment as confirmed by the county judge has been reduced to $150,766,035.

It will be observed that the reduction in income since last year is about one and a quarter million dollars, and in personal property about one and three-quarter millions. This reduction in income is accounted for by the recent change in the law by which the exemption on incomes has been increased. It may be as well, perhaps, to state here exactly what that change was. Previous to the session of the Legislature held in 1892, the annual income of any person derived from his personal earnings was exempt from assessment provided the same did not exceed $700, and the annual income of any person to the amount of $400 was also exempt no matter from what source it was derived, provided such income did not exceed $1,000. By the Act of 1892 the annual income of any person derived from his personal earnings up to $700, and the annual income of any person up to $400 derived from any source other than personal earnings, is absolutely exempt, *without regard to the total amount of the income in either case.* The effect of this provision necessarily is to reduce the aggregate amount assessable as income. It should, however, be stated that in no case is any greater sum than $700 exempt whether derived from personal earnings or from other sources of income or from the two combined.

The reduction in the amount of personalty is the result of a by-law passed by the city council which exempts from assessment the machinery, plant and tools used in every manufacturing industry in the city, and but for these causes there can be little doubt that assessable income and personalty in Toronto would have kept pace with the increase in real estate to the extent at least of preserving its ratio as compared with the preceding year.

The estimated value of real estate exempt from taxation in Toronto, according to the last return, is $23,215,386, made up as follows :

Property of the Dominion	$1,991,576
" of Ontario	4,900,551
" of county of York	144,520
" of city of Toronto	5,566,021
" of charitable institutions	907,413
" of churches (all denominations)	4,806,661
" of separate schools and R.C. corporations	747,927
" of universities and colleges	3,361,320
Burying grounds	398,575
Hospitals	390,822
	$23,215,386

With a view of showing the relative value in Toronto of assessable real estate on the one hand and personalty and income on the other, for the last ten years, the following table has been prepared :

Year.	Real Property.	Income.	Personal Property	Total.
	$	$	$	$
1884	54,156,102	4,076,315	7,452,980	65,685,397
1885	57,546,816	4,105,412	7,572,886	69,225,114
1886	60,695,505	4,338,025	7,682,003	72,715,533
1887	69,442,018	5,265,585	8,849,208	83,556,811
1888	84,256,933	4,906,097	9,132,821	98,295,851
1889	102,382,405	4,832,733	8,999,065	116,214,203
1890	122,651,244	5,108,546	9,470,988	137,230,778
1891	132,402,383	5,526,789	9,846,676	147,775,848
1892	136,584,003	6,060,273	10,308,660	152,952,936
1893	138,619,813	4,758,485	8,535,024	151,913,322

It should be stated that the foregoing table is taken from the assessment rolls for the respective years, and that the totals given were somewhat reduced on appeal in each year, although relatively the amounts remained about the same.

To enable a comparison to be made with cities in the United States and elsewhere, we append a table showing from the latest returns the relative assessed values of real estate and personal property (including income where such is assessed) in ten cities.

Name of City.	Real Estate.	Personal Property, including Income, where such is assesssed.
	$	$
Boston	680,279,875	213,695,829
Cleveland	91,782,150	29,498,065
Baltimore	212,763,173	67,976,093
Detroit	149,372,700	35,554,430
Rochester	96,543,650	6,609,302
Portland, (Me.)	24,299,000	12,643,450
Buffalo	183,254,870	13,829,910
St. John, N. B.	12,369,800	12,186,000
Halifax, N. S.	15,212,150	4,909,000
Toronto	138,619,813	13,293,509

NOTE. It will be observed that the greatest disproportion in value between real estate and personal property exists in the case of Rochester, the ratio there being 16 to 1, and next in order comes Buffalo with 14 to 1. Toronto is 10½ to 1. In Boston and Cleveland the ratio is about 3 to 1, while in St. John, N.B., it is just about equal. Montreal was omitted from this table for the reason that neither personal property nor income is assessed in that city. It was intended in the first instance to add a column showing the estimated value of exemptions in each city, but this had to be abandoned owing to the impossibility of obtaining correct returns in this particular.

MONTREAL.

The civic system of the City of Montreal as compared with Toronto, presents many points of contrast. To begin with, it is governed by a special charter which was revised in 1889, and which now contains some 435 clauses. The total revenue of the city for the year 1891 was $2,440,076, of which the following were the principal items:

Assessment on real estate 1 per cent. for municipal purposes and one-fifth of 1 per cent. for schools	$1,027,920.16
Business duty and personal taxes	188,466.57
Water rates	615,833.01
Market returns	85,534.33
Police licenses	81,370.00
Recorder's court fines	23,445.91

and the balance is made up of certain arrears of taxes and miscellaneous sums.

Under its charter the city council is empowered to make by-laws and impose and levy an assessment on immovable property liable to taxation in the city, not to exceed one and a quarter per cent. of the assessed value of such property, for which assessment the owner is personally liable.

Then follow in order provisions authorizing (1), a "business tax," on all trades, manufactures, occupations, businesses, arts, professions, or means of profit

or livelihood carried on or exercised within the city, not exceeding 7½ per cent. on the annual value of the premises in which such trades, manufactures, etc., are respectively carried on. (2) A special tax not to exceed $400 on every fire insurance company doing business in the city. (3) A special tax not exceeding $200 on every life, marine, accident or guarantee insurance company. (4) A special tax not exceeding $400 on every bank doing business in the city, with a paid up capital of one million dollars, or less. A tax not exceeding $500 on every such bank, the paid up capital of which is more than one million, but does not exceed two million dollars, and a tax not exceeding $600 on every such bank, the paid up capital of which is over two million dollars. (5) A special tax not to exceed $5,000 upon every gas company; and upon every electric telegraph, telephone or electric light company, a special tax not to exceed $400. And every special tax aforesaid is to be paid in addition to the business tax, wherever such business tax is payable. The foregoing are the principal special taxes authorized by the charter, but there are a number of minor ones which it is not thought necessary to enumerate. No taxes whatever are imposed either on incomes or personal property.

With a view of ascertaining whether the system worked satisfactorily to all classes of the ratepayers, your Commissioners thought it expedient to place themselves in communication with some civic official, who could speak with authority on that point, and correspondence was accordingly opened with the treasurer of the city, who in replying to the enquiry, says: "From a civic standpoint, I consider the answer to be yes, but from a purely landlords' standpoint, especially a landlord with a large percentage of vacant houses, the answer would be emphatically, no."

The figures given above are taken from the treasurer's report for 1891, which shows that the net assessed value of realty for that year was $107,247,980, while the total value of the exemptions was $21,165,020. The assessment for 1892 has however increased the figures under both these headings, the realty being placed at $114,000,000, and the exemptions at $23,000,000.

For the purpose of comparison it may be stated here, that real estate in Toronto, which is also supposed to be estimated at its full value, was in 1892 assessed at $136,584,003.

Assessments in Montreal are made annually by a board of assessors. The charter requires property liable to taxation to be assessed at its full cash value, but enquiry shows that in practice, it is not valued at more than seventy-five per cent. of its actual worth. The fact must not be overlooked that the taxes above mentioned imposed by the city council are not the only direct taxes levied in Montreal. The legislature of the province imposes heavy additional burdens by direct taxation for provincial purposes. In dealing with the assessment law of the province of Quebec these are referred to at length.

QUEBEC CITY.

The City of Quebec is governed by a special Charter which was originally granted in 1840. This was several times amended and in 1865 the statutory enactments relating to the subject were consolidated and this legislation and the amendments thereto, which are very numerous, constitute the Charter of to-day.

Quebec derives her revenue chiefly from three sources, as follows:

1. Assessment of realty.
2. Business tax. 3. Personal tax.

There is no tax imposed on either personal property or income as such.

From a by-law passed by the city council on the 1st day of May, 1892, we

find that the rate imposed on real estate for the then ensuing civic year was three-quarters of one per cent. of the real assessed value which is arrived at in the following manner: When a house or lot of land is occupied, otherwise than by the owner thereof, at a stipulated rent, such rent is capitalized at 5 per cent. to establish the assessable value and $\frac{3}{4}$ of 1 per cent. is imposed on the capitalized sum, which is equivalent to 15 per cent. on the annual rental value, and when occupied by the owner it is the duty of the assessor to determine what the property would rent for and assess it according to the same rule. Then there is a personal tax of $2 per head annually imposed on all persons doing business or employed in the city at any trade, profession or any other means of livelihood; this tax last year yielded something over $50,000.

The "business tax" is a charge of 12½ per cent. upon the rental of the property used for business purposes.

The section of the By-law imposing this tax is as follows:

"An annual duty or tax is hereby imposed upon and shall be paid, in each and every year, by each and every person or firm of persons being wholesale merchants, or dealers, or retail merchants or dealers, or wholesale and retail dealers in goods, wares and merchandises of any kind or retail dealers in spirituous liquors (not being tavern keepers) or forwarding merchants or forwarders, or the agents of merchants, traders, forwarding merchants or forwarders, or being express agents, brokers, apothecaries, chemists or druggists, or being inspectors of pot and pearl ashes, lumber, deal, beef, pork, flour, butter, leather, or any other kind or description of merchandise, manufacture, produce or any provision whatsoever, or being or carrying on the business of lumber merchants or dealers in wood or keepers of a lumber yard, with or without steam or water power, or being or carrying on the business of merchant tailors, boot and shoe makers, saddlers, and harness-makers, stone cutters, tin-smiths, confectioners, bakers, coffee house keepers, cabinet-makers, upholsterers or undertakers, dyers, founders, ginger-beer, root-beer or spruce-beer brewers, soda-water makers, hair dressers or barbers, ink or blacking manufacturers, gold-smiths, silver-smiths, jewellers, gold and foil beaters, soap and candle manufacturers, oil manufacturers, book-binders, printers, shipbuilders, cullers, gilders and frame makers, painters and glaziers, pump and block makers, wire workers, brush makers, chair makers, tobacconists, coach and carriage makers, comb makers, furriers, hatters, musical instrument makers, tanners, lawyers, notaries, doctors, physicians or surgeons, dentists, surveyors, architects, artists, miniature or portrait painters, collectors, accountants, bailiffs, in the City of Quebec and generally, on all trades, manufactories, businesses, arts, professions, means of profit, livelihood or gain, whether hereinbefore enumerated or not, which now are or may hereafter be carried on, exercised or put in operation within the said city; and on all persons by whom the same are or may be carried on exercised or put in operation therein, either on their own account or as agents for others; at the rate of fifty dollars for every four hundred dollars of the assessed yearly value of the premises occupied and used by any and every such person or firm of persons, for the purposes aforesaid and at and after the same rate for every greater or less sum of such value as aforesaid."

A considerable revenue is derived from liquor licenses and from other specific taxes of which the following are the principal: an annual tax of $800 on telegraph companies, $1,000 on banks, $500 each on insurance companies, brewers and distillers; and when special taxes are imposed the "business tax" is not collected. While the above are the only features in the municipal system of taxation in the City of Quebec requiring special notice in this report, it must not be forgotten that

the government of Quebec also imposes heavy direct taxation for provincial purposes, a full account of which will be found in the review of the assessment law of that province.

HALIFAX, N. S.

An Act to amend and consolidate the charter of the City of Halifax was passed in 1891, and as the basis of taxation it provides that, "the assessment shall be rated on the owners of real and personal property by an equal dollar rate upon the value of such real and personal property within the city," and this provision applies as well to joint stock companies as to private individuals.

All moneys advanced on real estate security are exempt from assessment.

Every company, corporation, association or agency (excepting those specially dealt with), in addition to being assessed on their real and personal property are required to pay to the city an annual license fee varying from $50 to $200. Joint stock banks for the purpose of assessment are dealt with under the following provisions: "Every incorporated joint stock bank, whose chief place of business is situated in the City of Halifax, shall be assessed in respect of the real estate in said city, owned by the said bank, in the same way as other ratepayers, and it shall pay to the City of Halifax annually in addition thereto, a tax of three-eighths per cent. of the amount of its paid up capital after deducting from said capital the assessed value of said real estate. Every other incorporated joint stock bank doing business in the City of Halifax by means of an agency or branch office, shall be assessed in like manner in respect of the real estate in said city, owned by said bank, and shall annually pay to the City of Halifax in addition thereto, a tax equal in amount to the smallest tax hereby required to be paid in respect of capital by any bank whose chief place of business is in the City of Halifax."

The banking capital, on which the city is entitled to receive, three-eighths of one per cent. is $4,500,000, and if to this is added the assessment of other personalty, which last year amounted to $4,909,000, and the assessed value of realty for the same year $15,212,150, we get a total of $24,621,150. It should be stated that the tax to be paid on banking capital is fixed by statute at the rate above mentioned, whilst on other classes of property a rate was struck of $1.49 on every $100.

There is imposed on persons, who are not assessed on property of the value of $200, a poll tax of $2, but as there is a provision that no person shall be assessed on his personal property unless its value amounts to $200, the poll tax is merely a means of compelling contributions from those who take advantage of the provisions just mentioned, and last year the city received $2,000 from this source.

The exemptions from taxation in Halifax are of the usual kind, and any special reference to them is therefore unnecessary; it should however be stated that incomes are not assessed.

ST. JOHN, N. B.

The City of St. John in its civic revenue presents one unique feature, in as much as it collects from its personal property and income tax together, about the same amount as is realized from real estate.

According to the latest returns available, the entire assessment amounted to about $25,000,000, made up as follows:

Real estate	$12,369,800
Personal property	8,350,700
Income	3,835,300

upon which a rate of one and one-half per cent. was struck for the year 1892,

to which has to be added the receipts from licenses and the rentals of civic property.

St. John is governed by a special charter, under which Portland and St. John are united as one corporation. This charter is comprised in chapter 27, of the statutes of New Brunswick, passed in 1889. By virtue of the provisions therein contained, the city assessors are required each year to "make a fair and just valuation, in their best judgment, of all the real estate and personal estate and other property subject to taxation," and persons liable to taxation are required to make out a statement in writing, in the form given in the Act showing truly and specifically the value of their real estate, personal property and income derived from any source, other than from their real or personal property aforesaid. And the Act provides that "the assessor shall in all cases require a person bringing in such a statement to make oath that the same is true," but no such statement although under oath is to bind the assessors or excuse them from making due enquiry to ascertain its correctness. There is a special provision relating to joint stock companies established abroad, but doing business in St. John; these are to be rated and assessed upon the gross and total income received for such company, deducting only therefrom the reasonable costs of management of the business and the whole amount of income after such reasonable deduction, has been made, is to be capitalized for assessment as personal estate, according to the following basis: every dollar of such ratable income is to be held to represent, and is to be valued at five dollars of capital, and the amount so capitalized is to be assessed at its full value as personal estate, of the agent or manager, for the purpose of assessment. This provision also applies to persons having their chief place of business elsewhere than in the province and doing business in St. John.

All other joint stock companies or corporations are to be assessed in like manner as private individuals, the shares or stock in such companies or corporations are to be assessed at their actual value, and in assessing personal property no abatement is allowed for indebtedness.

The only other feature appearing to call for notice, is that there is levied "a poll tax of $2 upon all male inhabitants of the city of the full age of 21 years not being paupers." The exemptions in St. John are of the usual kind. Of the property exempt, the value of that belonging to the dominion, province, county and city is not given; but the churches, educational, literary and charitable institutions which are also exempt are estimated at $2,332,800.

WINNIPEG, MAN.

The city of Winnipeg is subject to the general municipal law of the Province of Manitoba except in the matter of taxation. By an Act of the Legislature, assented to March 11th, 1893, it is provided that "Hereafter no personal estate or personal property in the city of Winnipeg shall be liable to taxation under the Assessment Act, nor shall be assessed by the assessors of the said city for taxation purposes," and in lieu of the general law governing taxation throughout the province, the following special provisions are enacted relating to Winnipeg only:

(1) All buildings upon real estate in the said city, whether owned by the owner of the real estate or by other persons, and all buildings which may be considered as tenant fixtures and liable to removal by persons other than the owners of the real estate, shall be deemed and construed, for the purpose of this Act, to be real estate, and shall be assessed along with the real estate to the owner of the latter.

(2) All pipes and other properties of gas and water companies which have been heretofore, and which shall be hereafter fixed in, on or under the streets of the said city shall, for the purpose of this Act, be deemed real estate.

(3) The lines of track, rails and other property of street railways which have heretofore been fixed and placed, or which may hereafter be fixed or placed in, on or upon any of the streets of the said city shall be deemed, for the purpose of this Act, to be real estate.

(4) All poles, wire and other property and appliances of any electric light, electric power, telegraph or telephone company, placed in, upon or above the streets of the said city shall, for the purpose of this Act, be deemed real estate

(5) Every person, firm, partnership, company or corporate body that carries on business in any way in the said city as merchant, trader, manufacturer, banker, broker, money changer, lawyer, physician, dentist, photographer, auctioneer, grocer, baker, butcher, huckster, mechanic, pawnbroker, livery stable keeper, tanner, land agent, commission agent, ticket agent, ticket seller, telegraph agent, telephone agent, inspector of any kind, agent of any kind, or who carries on an insurance business of any kind, or acts as agent for any of the above-mentioned businesses, or who carries on any other business, trade, occupation, manufactory, art or profession not above detailed, shall be assessed for a sum, by way of capitalization of the rental value of the premises which he so occupies in carrying on any of the businesses, professions, employments or callings above mentioned, or which he uses for an office for such business, profession, employment or calling, and both thereof, to the end and intent that all persons and corporations occupying premises not solely used as a residence for the person or corporation so occupying the same shall be liable to taxation for a sum equivalent to the capitalized rental value of the premises so occupied:

(*a*) In arriving at the amount to which such person shall be assessed, as above mentioned, the assessor shall capitalize the annual rental value and fix the amount at such sum that the rate fixed by the said city in the year last preceding, for all the purposes of the said city, including school tax, will produce a sum which shall equal ten per centum of the yearly rental value of the premises so occupied at the time of the assessment, subject, however, to the following provisions:

(*b*) In all cases where the rental value of the premises shall exceed 75 cents per square foot of the floor surface of the building, or part of the building occupied by the person so assessed, the assessor, in fixing the amount of capitalization above mentioned, shall fix the sum of $3.75 per square foot for such floor surface; and in estimating the floor surface for the assessment above mentioned the assessor shall compute the measurement from the inside of the walls of the building or apartment so occupied, measuring the entire superficial floor area within and each of the floors thereof so occupied; cellars used, however, by the party so assessed under the premises so occupied, having no outside entrance for ingress and egress of customers, shall not be included in this measurement, except when the floor area thereof exceeds the floor area above described. In case of such excess the floor area of the cellar to the extent of such excess shall also be assessed at the rate aforesaid against the occupant, to the end and intent that the occupant of the premises, whether he uses such cellar in connection with his premises or not, shall not be assessed upon a capitalization of rental which shall exceed $3.75 per

annum for each square foot of the floor surface of the premises occupied by him, not measuring such cellar except in case of excess cellar space as above provided for:

(*c*) In all cases where the rental value of the premises shall be less than 30 cents per square foot of the floor surface of the building or part of building occupied by the person so assessed, the assessor, in fixing the amount of capitalization above mentioned, shall fix the sum of $1.50 per square foot for such floor surface; and in estimating the floor surface for the assessment above mentioned the assessor shall compute the measurement from the inside of the walls of the building or apartment so occupied, measuring the superficial floor area within and each of the floors thereof so occupied; cellars, used, however, by the party so assessed under the premises so occupied, having no outside entrance for ingress and egress of customers shall not be included in this measurement, to the end and intent that the occupant of the premises, whether he uses such cellar in connection with his premises or not, shall not be assessed upon a capitalization of rent which shall be less than $1.50 per annum for each square foot of the floor surface of the premises occupied by him, not measuring such cellar:

(*d*) Persons using and occupying premises for the following purposes shall be assessed in the manner provided in paragraph (*a*) of this section, and paragraphs (*b*) and (*c*), shall not, nor shall either thereof, apply to any such persons, viz.:

I. Offices and warehouses of auctioneers who are licensed as such by the said city.

II. Manufacturers whose establishments so assessed are chiefly and principally employed in manufacture or in mechanical labor.

III. Livery stable, and feed and sale stable keepers, and stables of street car companies, transportation companies' stables, and all other stables liable to taxation under this Act.

IV. Persons occupying floors of buildings above the ground floor, who do not, in connection with such occupation, use or occupy any portion of the ground floor on, or about on, the street level.

V. Occupants of wood, coal, lumber, brick or stone yards, or any other yard used for storage or for carrying on any business or any cattle or stock yards, and all buildings on the same premises used in connection therewith.

VI. Ice houses and storehouses for ice and offices in connection therewith.

VII. Skating, curling and other rinks, whether enclosed or not.

VIII. Warehouses and other premises used solely to warehouse goods where the goods are not open to inspection by customers and where the chief office or place of business of the occupant is not in the building so assessed.

(*e*) The occupant of every licensed hotel shall be assessed for a gross sum by way of rental capitalization which shall be equal to $3.75 per square foot for all the floor space occupied by the bar-room, billiard-room and drinking rooms or stalls used as such in connection with the bar and billiard rooms, and in computing this space, the assessor shall measure from the inside walls of the entire portion of the building so occupied and include all closets, halls and spaces within such walls, and except as aforesaid no licensed hotel shall be assessed by way of capitalization of rental.

This section shall not apply to any opera house, theatre, public hall, place of public amusement, place used for public meetings only, or any hall or place of meeting for secret, political, friendly or other societies or bodies of people, or to any temperance hotel or boarding house.

(6) Every occupant of any building liable to taxation as set forth in this Act shall be liable for such assessment although he be the owner of the premises and liable to taxation as the owner of the real estate and the buildings.

(7) The Assessor in assessing the properties of water-works, street railway, telegraph, telephone, gas, electric light and electric power companies, which are in, upon or above the streets of the said city as hereinbefore mentioned, and the engine, boiler, dynamo and other plant used in the power house, generating house or building used in pumping, generating power, electricity or gas, shall not be called upon to value and shall not value the same, but shall assess by entering in the assessment roll in each year the value of such properties so in, upon and above the streets and the said plant in the said buildings in the following gross amounts:

(*a*) Each gas company or gas and electric light company the gross sum of $60,000.

(*b*) Each electric light company the sum of $40,000.

(*c*) Each telephone company the sum of $30,000.

(*d*) Each water and water-works company the sum of $150,000.

(*e*) Each street railway company the sum of $40,000.

(*f*) Each telegraph company the sum of $15,000.

(8) The values set out in the preceding section are based upon a population of the said city of in the neighborhood of 30,000 people, and as soon as shown by the assessment roll census of the said city that the population of the said city shall have reached 35,000, the assessor shall add to each of such gross sums a sum equalling 15 per centum of each thereof and for each additional increase of 5,000 to the 35,000 above mentioned of inhabitants as shown by such census the assessor for the following year shall add to the next previous assessment 15 per centum of the original assessment as fixed by section 7 of this Act.

(9) None of the companies referred to in section 7 of this Act, shall be assessed by way of capitalization of rental for any building or premises used by them solely for the generation of power in which the plant and machinery is exempted by this Act. But nevertheless telegraph and telephone companies shall be liable to assessment by way of capitalization of rental for the offices and other premises occupied.

There is also a provision in the Act that nothing therein contained shall be construed to make the tax levied upon occupants a charge upon the real estate or building occupied, such tax being levied "in lieu of a tax upon personal property."

The effect of the change is to substitute what is called a "business tax" for a tax on personal property, leaving the tax on real estate, including the buildings thereon, as it was before.

As the question of taxation is now everywhere attracting unusual attention, this experiment will no doubt be watched with more than a passing interest.

The new law goes into operation immediately.

BOSTON, MASS.

The City of Boston presents the same features, with regard to taxation, as are to be found almost everywhere else in the United States. Real and personal property are the chief sources from which the revenue is drawn, and incomes of professional men and others not derived from property liable to assessment (and not being less than $2,000) are subject to taxation.

In our review of the assessment law of Massachusetts, attention is called to the fact that a special law has been enacted in that state governing the taxation of corporations. Under the general law, which is applicable to Boston, no personal property other than machinery can legally be assessed to a Massachusetts' corporation ; but personal property of every other kind is liable, and as a consequence the personalty returned for assessment—notwithstanding the exemptions in favor of corporations—equals nearly one-third of the realty. The figures for 1892 are as follows :

Assessed value of realty	$680,279,875
Assessed value of personalty	213,695,829

The rate levied for the year was $1.29 per $100. Boston, in addition, collects a poll tax of $1 on all male persons over 20 years of age, and females who wish to enjoy certain privileges must also pay this tax. According to the latest returns 135,590 persons were assessed in the city under this head.

The estimated value of stock of corporations assessed by the state but on which the tax is paid to the city is given at $54,317,600, and the valuation of national bank shares assessed and paid in the same way is $1,584,100.

It is unnecessary to set out in detail the property in Boston exempt from taxation as it corresponds in character with exemptions in Ontario and elsewhere. The churches, charitable, scientific and literary institutions, which are exempt, are alone valued at $44,929,900, and this is only a partial list. *See* Chapters 11 and 13 of the Public Statutes of Massachusetts, 1882.

ROCHESTER, N. Y.

The system of taxation in force in Rochester presents no new feature either as to the subject matter of the municipal tax or the mode of collecting it.

It is, however, worthy of remark that the personal property assessed bears an unusually small proportion to the realty. The figures for last year are as follows:

Realty assessed	$96,543,650
Personalty assessed	6,609,302

Incomes are not assessed and the rate levied was $1.54 per $100.

Rochester received from its water-works' fund last year $264,488, and from the police department $7,807.

There are the usual exemptions from taxation in Rochester including churches and schools, but no valuation is made of them.

PORTLAND, ME.

The chief source of revenue in the City of Portland is a tax on real and personal property. In 1891 the returns stood as follows:

Real estate	$23,494,600
Personal estate	13,088,695
Total	$36,583,295

In 1892 the valuation of realty had increased by about three-quarters of a million and the personalty had decreased by nearly half a million. The figures are as follows:

Real estate	$24,299,000
Personal estate	12,643,450
Total	$36,942,450

Upon which there was levied a rate of $1.95 per $100. The city also received, last year, under the head of "Liquor Agency," the sum of $57,333; the total revenue from all sources being $1,182,219.

The railroad and telegraph tax is collected by the state and the city of Portland received from the state treasurer, as its share of this tax, for last year only $3,754.

No income tax is collected in Portland, and the exemptions are of the ordinary kind including churches and charitable institutions the value of which is not given.

PHILADELPHIA.

It is often said that in Philadelphia only real estate and horses and carriages are taxed. but the fact is, that in addition to the revenue derived from these sources, *three-fourths* of the tax collected by the state from the residents of Philadelphia on *personal* property is paid over to the city corporation, and this, last year, amounted to no less a sum than $800,000.

A very large revenue is also obtained from the various city departments under the head of gas, water licenses, etc.

The state also makes an annual appropriation to the city for the maintenance of the public schools.

The rate imposed on real estate in Philadelphia for a number of years past has been $1.85 per cent. on the assessed value.

BUSINESS TAX.

The business tax, based on the annual value of the premises in which the business is carried on, seems to meet with approbation in certain quarters, and the imposition of such a tax, in lieu of the taxation of personal property belonging to such business, has in Ontario been rendered optional with the municipal councils throughout the Province by the following section in the Assessment Act (*See* sec. 31*a*.):

"In the case of persons carrying on a mercantile business in a municipality the council of the municipality may pass a by-law or by-laws for imposing and

levying an annual business tax in respect of all classes of mercantile business, without classification or of any class or classes of mercantile business, provided that such business tax does not exceed seven and a half per cent. of the annual value of the premises in which the business is carried on; and the council may in their by-law classify different kinds of mercantile business and fix the business tax on the respective classes at such a percentage on the annual value of the premises occupied within the limits provided by this section as to the council may seem reasonable; and provided also that when a business tax is imposed the personal property belonging to the business, in respect of which the tax is imposed, shall not be liable to assessment or taxation otherwise.

"For the purposes of the above provision the annual value of the premises in which the business is carried on shall be taken to be an amount representing seven per cent. on the assessed real value of the said premises."

So far as ascertained this provision has not been taken advantage of.

In the cities of Montreal, Quebec and Winnipeg a similar tax is imposed. In the former case the rate is not to exceed $7\frac{1}{2}\%$ on the annual value of the premises as in Ontario.

In Quebec the tax is fixed "at the rate of fifty dollars for every four hundred dollars of the assessed yearly value of the premises," and in Winnipeg the said tax is to be equal to ten per centum of the yearly rental value of the premises occupied at the time of the assessment, subject to certain provisions which are set out at length in dealing with the city of Winnipeg.

It will be observed that the Ontario Act determines the manner in which the annual value of the premises is to be ascertained.

Glasgow (Scotland) also levies a tax on the annual value of premises at the rate of 10% on the rental.

SINGLE TAX.

The "single tax," as is now pretty generally known, aims as its ultimate object, at the nationalization of the land, and the adoption of the single tax is only a mode of accomplishing this object. The leading advocate of this theory is Mr. Henry George, the author of a celebrated book on the subject, entitled "Progress and Poverty."

This gentleman reviews the works of all the leading writers on political economy. In not a few instances he disputes their reasoning and denies their conclusions on many important points. He tells us it is a matter of very little consequence what system of taxation we adopt so long as we permit private ownership in land, which he apparently considers largely responsible for many of the financial evils which afflict mankind. It should here be stated that when Mr. George speaks of "land" he does not include the buildings thereon, as these are the product of industry. This nationalization of land is to be brought about by a tax on land values, so that the owners of the land which will yield a rent will be required to pay the same into the public exchequer, minus a fair allowance for their trouble in collecting it, and by taking the entire annual value of the land Mr. George points out that all other taxes of every sort can be abolished and for this reason he calls it the "single tax."

The advocate of this scheme does not, it would seem, propose to violently interfere with vested interests, but on the other hand he proposes to utilize the machinery at present in use and to which we have grown accustomed, to accomplish what he thinks is so desirable a purpose. He says: "With the current we can glide fast and far, against it it is hard pulling and slow progress." In furtherance of this plan he suggests that one tax after another, whether direct or indirect, should be

abolished and the burden transferred to land. He does not, he assures us, propose to confiscate land for the reason that it is unnecessary; all he proposes is simply to "confiscate rent.' Some of his opponents have declared that the confiscation of rent is equivalent to the confiscation of land, and much discussion has taken place on this point. To avoid any misapprehension as to the proposals of Mr. George on this subject, it will perhaps be better to quote somewhat more at length from his writings.

In a chapter of the work already mentioned, entitled "How equal rights to the land may be asserted and secured," we find the following doctrines and methods propounded: "We have weighed," he says, "every objection and seen that neither on the ground of equity or expediency is there anything to deter us from making land common property by confiscating rent. But a question of method remains. How shall we do it? We should satisfy the law of justice; we should meet all economic requirements, by at one stroke abolishing all private titles, declaring all land public property and letting it out to the highest bidders in lots to suit, under such conditions as would sacredly guard the private right to improvements. * * * But such a plan, though perfectly feasible, does not seem to me the best, or rather, I propose to accomplish the same thing in a simpler, easier and quieter way, than that of formally confiscating all the land and formally letting it out to the highest bidders To do that would involve a needless shock to present customs and habits of thought, which is to be avoided. To do that would involve a needless extension of governmental machinery, which is to be avoided.

"It is," he adds, "an axiom of statesmanship, which the successful founders of tyranny have understood and acted upon—that great changes can best be brought about under old forms. We, who would free men, should heed the same truth. It is the natural method When nature would make a higher type, she takes a lower one and develops it. This, also, is the law of social growth; let us work by it. With the current we may glide fast and far, against it, it is hard pulling and slow progress.

"I do not," he continues, "propose either to purchase or to confiscate private property in land. The first would be unjust; the second, needless. Let the individuals who now hold it still retain if they want to, possession of what they are pleased to call *their* land. Let them continue to call it *their* land.

"Let them," he says ironically, "buy and sell and bequeath and devise it. We may safely leave them the shell if we take the kernel. *It is not necessary to confiscate land; it is only necessary to confiscate rent.* (The italics are Mr. George's.)

"Nor to take rent for public uses is it necessary that the state should bother with the letting of lands and assume the chances of the favoritism, collusion and corruption that might involve. It is not necessary that any new machinery should be created; the machinery already exists. Instead of extending it, all we have to do is to simplify and reduce it. By leaving to landowners a percentage of rent, which would probably be much less than the cost and loss involved in attempting to rent lands through state agency, and by making use of this existing machinery, we may, without jar or shock, assert the common right to land by taking rent for public uses.

"We already take some rent in taxation. We have only to make some changes in our modes of taxation to take it *all*. * * * In this way the state may become the universal landlord without calling herself so and without assuming a single new function. In form, the ownership of land would remain just as now. No owner of land need be dispossessed, and no restriction need be placed on the amount of land anyone could hold. For, rent being taken by the

state in taxes, land, no matter in whose name it stood, or in what parcels it was held, would be really common property, and every member of the community would participate in the advantage of its ownership.

"Now, insomuch as the taxation of rent, or land values, must necessarily be increased, just as we abolish other taxes, we may put the proposition into practical form by proposing: *To abolish all taxation save that upon land values.*

"As we have seen the value of land is at the beginning of society, nothing; but as society develops by the increase of population and the advance of the arts, it becomes greater and greater.

"In every civilized country, even the newest, the value of the land taken as a whole is sufficient to bear the entire expense of Government.

"In the better developed countries it is much more than sufficient. Hence it will not be enough to merely place all taxes upon the value of land. It will be necessary, where rent exceeds the present governmental revenues, to commensurately increase the amount demanded in taxation and to continue this increase as society progresses and rent advances.

"But this is so natural and easy a matter that it may be considered as involved, or, at least, understood in the proposition to put all taxes on the value of land. That is the first step upon which the practical struggle must be made. When the hare is once caught and killed, cooking him will follow as a matter of course. When the common right to land is so far appreciated that all taxes are abolished, save those which fall upon rent, there is no danger of much more than is necessary to induce them to collect the public revenues being left to individual landholders."

A little further on in the same book, he says: "This simple device of placing all taxes on the value of land would be in effect putting up the land at auction to whoever would pay the highest rent to the state." And again he says: "That to take rent in taxation for public purposes virtually abolishes private ownership in land."*

In the application of this doctrine to the farm lands of the country, one very important consideration presents itself, to which the author of "Progress and Poverty" does not appear to have devoted much attention, and that is the constant tendency of rural populations—especially the sons of farmers—to gravitate towards the large centres of industry, with the result that the cities increase at the expense of the country, which is admittedly an evil. If that is the case now,

*Note.—Although little is said of other proposals, of which Mr. George is the author, it must not be supposed that the "single tax" comprehends his entire plan of social regeneration. In his book, entitled "Social Problems," he, in discussing the question of national debts, employs the following language: "The institution of public debts, like the institution of private property in land, rests upon the preposterous assumption that one generation may bind another generation. If a man were to come to me and say: 'Here is a promissory note which your great-grandfather gave to my great-grandfather and which you will oblige me by paying,' I would laugh at him and tell him that if he wanted to collect his note he had better hunt up the man who made it, that I had nothing to do with my great-grandfather's promises; and if he were to insist upon payment, and to call my attention to the terms of the bond in which my great-grandfather expressly stipulated with his great-grandfather that I should pay him, I would only laugh the more and be the more certain that he was a lunatic. To such a demand anyone of us would reply in effect: 'My great-grandfather was evidently a knave or a joker and your great-grandfather was certainly a fool, which quality you certainly have inherited if you expect me to pay you money because my great-grandfather promised that I should do so.'"

And in dealing with the late civil war in the United States in its relation to the national debt of that country, he says: "As I have before said, the wealth expended in carrying on the war did not come from abroad or from the future, but from the existing wealth in the states under the national flag, and if, when we called on men to die for their country, we had not shrunk from taking, if necessary, nine hundred and nine-nine thousand dollars from every millionaire, we need not have created any debt."

what would happen if we were to take away what now operates as the chief inducement to remain upon the farm, viz., the opportunity of becoming or remaining a land owner?

In the foregoing statement we have given a very brief outline of the single tax in its proposed application to national revenues as set forth by Henry George, and we now come to deal with it in its relation to municipal taxation as advocated by a local organization in Toronto, which asserts that there has been a marvellous growth of public opinion in favor of this method of taxation during the last fifteen years, and that various bodies representing labor are in favor of the principle. A statement has been furnished us purporting to give an account of the numerous agencies at work in this direction, and special reference is made to the work of the "Land Restoration League of England" in this respect.

This organization also calls attention to some recent changes in the assessment laws of British Columbia, Manitoba and elsewhere.

The city of Winnipeg is dealt with under its appropriate heading.

The Assessment Act of Manitoba, provides that: "All lands in rural municipalities *improved for farming or gardening purposes*, shall be assessed at the same value such lands would be assessed at if unimproved."

It should be observed that this is a very partial application of the single tax principle, as it relates only to lands to be used for farming and gardening purposes, and does not affect lands in villages, towns and cities, improvements in which are assessed as they are in Ontario.

The action of the Legislature of Manitoba was probably intended to attract settlers to the vast tracts of agricultural lands now lying idle, rather than to enunciate any particular principle of taxation.

But in the case of British Columbia it is somewhat different. The Assessment Act of that province provides that "*improvements* shall not be estimated for the purpose of assessment in excess of fifty per cent. of their value, and that it shall be lawful for the council of any municipality to pass a by-law either exempting improvements altogether from assessment, or else providing that improvements shall be assessed at a rate less than fifty per cent. of their value."

As this Act was only recently passed, it is too soon to look for results, either in favor of or against the proposition.

Reference is made to a resolution passed in October, 1892, in the Legislature of New South Wales by a vote of 49 to 10, as follows: "That in the opinion of this House a system of raising revenue by the direct taxation of land values, irrespective of improvements, would greatly promote the welfare of this country." A Bill has since been introduced into the House to give effect to this resolution, but it did not pass the Legislative Council.

The colony of Queensland has also, in a very modified form, recognized the principle of single tax on land values by providing for the assessment of improvements separately from the land itself. A distinct portion of the municipal rate is to be levied on land values, but the maximum rate provided by the Act which came into force January 1st, 1891, is so small that it will not relieve improvements from taxation to any extent. A Bill to give to municipal corporations in South Australia, the option of levying their rates upon land values, independent of improvements, has several times passed the Lower House, but the Upper Chamber has always thrown it out.

It will thus be seen that nowhere has the single tax been put into practical operation, even for municipal purposes; it is therefore impossible to point to any facts of importance verified by experience in connection with this subject. Your Commissioners have done all they possibly could to obtain such facts, and that they have not succeeded is fairly good evidence that none exist.

INCIDENCE OF TAXATION.

Much has been said and written on this important question, but no agreement seems to have been reached by those engaged in the discussion of the subject. Many persons, no doubt, consider the matter entirely from the standpoint of their own interest and are disposed to resist any proposition likely to take money out of their pockets, which under some other system might be kept in; and even to those who are sincerely desirous of promoting even-handed justice in the levying of taxes, the greatest difficulties present themselves.

The principle that every man should contribute to the burdens of the country in which he lives in proportion to his ability, is no doubt a sound one, but the question is so interwoven with others which must be considered, that the application of the principle is by no means easy.

Take as an example the capital used in a banking business. It is said that if you tax it as you tax capital used in some other undertakings you will drive it away, and therefore although abstract justice as much requires the assessment of the capital of a bank as the capital of a merchant, still it might be inexpedient to apply the principle in such a case for the reason given. On the other hand, it is maintained by real estate owners and others that it would not have that effect. This, they contend, is shewn by the experience of other countries, and that as the law now stands in the Province of Ontario, the municipal burdens are not equitably distributed.

The subjects of taxation in Ontario are to be found under three heads, as follows: (1) Real property. (2) Personal property, and (3) Income, and with regard to these the law declares that the taxes shall be levied thereon by an equal rate, subject to certain exemptions, a list of which is appended hereto. Little or no complaint is made with respect to the income tax. It seems to be generally conceded that a man who enjoys an annual income of more than $700, can afford to pay a reasonable tax upon the excess over and above that sum, and your Commissioners have received no formal complaint with regard to this tax. But as between real and personal property the most divergent views prevail, and every phase of the question has demanded much attention. We have received very strong representations, both from individuals and organizations speaking on behalf of these conflicting interests. A summary of these different views on this question will not be out of place here. A local organization in Toronto, representing the landed interests, and desirous of transferring a share of the taxation now borne by real estate to some other form of property, proceeds to lay a foundation for the doctrines it advances by declaring that "nearly all responsible Governments are gradually recognizing the importance of encouraging small holdings of land, believing that the people who become directly interested in a home of their own, are the most contented and law-abiding citizens." And we are told that the best way of accomplishing this desirable result, "would be the reduction of the burden of holding said property, in the shape of taxes, to the lowest possible point consistent with efficient government," and that this in turn should be secured, 1st by "economical administration," and 2nd "by compelling every owner of wealth in whatever form it exists, to pay his equitable share of taxes in proportion to the amount of such wealth in his possession, and doing away with all exemptions." This organization is entirely opposed to the principle of assessing only the dividends or income arising from investments in bank stocks and loan companies, while merchants' stocks and real estate are assessed on their "present cash value." This provision in the law, they argue, is particularly unjust to landowners in view of the fact that "they are further liable to pay for local improvements."

By way of contrast we may look at the statements of those who represent the commercial interests and who assert that: "The active capital employed in manufactures and commerce is unjustly and unfairly treated in Ontario." This capital it is pointed out "is taxable on its face value, irrespective of whether it yields profit or loss, whereas some other capital, such as bank stock and shares in loan companies, is only taxed on the income or profit derived from investments, and if it does not yield profit or interest it is not taxed," while a good deal we are told illegally escapes taxation altogether. It is further asserted that under some circumstances the capital used in commerce and manufactures may be taxed twice on its face value, and the following illustration is given in support of this contention:

"A manufacturer owning his premises, assessed for say $10,000, borrows $8,000 on the security of these premises and invests the same in business, he is at once assessed on $18,000, although his total wealth amounts only to $10,000."

Several other examples are suggested, and the case is mentioned of certain wholesale hardware merchants in Hamilton, who recently dissolved partnership on a basis of $150,000 to each partner. One of these partners is said to have invested his share so as to be liable to taxation only on the interest of his money, $10,000, while the other was assessed on $150,000. It is argued that such a result does not encourage enterprise.

It is further said that a large proportion of the capital on deposit in the various chartered banks and savings' banks of the province, amounting to many millions of dollars is not taxed at all. It is freely admitted by some of those who make this allegation, that it would not be just to tax the money so deposited for the very obvious reason, that such a tax would swallow up one-half of the entire revenue derived therefrom; (the interest allowed by the banks for money on deposit being only from 3 to 4 per cent.) and that therefore only the *interest* of money so deposited should be assessed.

It is also found that both the representatives of real estate and the wholesale mercantile trade oppose, but for different reasons, the provision in the law which exempts from taxation, "so much of the personal property of any person as is equal to the just debts owed by him on account of such property."

It is alleged by the real estate holders that fraud on an extensive scale is constantly practised under cover of pretended indebtedness, while the mercantile men assert that even when the law is honestly and fairly enforced it works inequitably, by allowing in certain cases the capital of the foreign merchant to escape taxation, while his less fortunate rival whose chief place of business is in Canada is heavily taxed.

In this connection a correspondent asserts that we have in Canada a large number of what are known as "supply" accounts largely controlled by Glasgow merchants, who for the most part, reap the benefit of the business done by those whom they "supply." The representative in Ontario tells the assessor, that he owes for the whole of the stock in Glasgow, and if necessary verifies this statement in writing, and as a result escapes taxation. The writer of the letter from which these statements are taken asserts that "this province from Sarnia to Cornwall is covered with these 'support' or 'supply' accounts of old country houses."

It is suggested that in lieu of taxing the capital or stock of merchants, either the English system of an income tax or else a business tax, based on the yearly value of the premises occupied by the party assessed should be adopted.

This question of the taxation of personalty has been dealt with in the reports of the Commissioners appointed in several states of the union.

Let us quote again from the report of the Maryland Tax Commission. In

this case a minority as well as a majority report was presented, the former being signed by the well known writer on economic subjects, Dr. R. T. Ely, author of a work on "taxation," while the other received the approval of his three colleagues. Dr. Ely is opposed to the direct taxation of personal property, and for reasons which hereafter appear. The majority on the other hand, are in favor of it, because in the first place, it is in accordance with the constitution of the state, and apart from that they say: "It can hardly be proper for the state to abandon the taxation of personal property, because some of its citizens threaten to commit perjury rather than assume a portion of the public burdens, which their fellows are bearing," and they express the opinion that no other system has been tried sufficiently to justify the adoption of any new basis of taxation in the commonwealth of Maryland.

Dr. Ely says, "Our present system of state and local taxation is unsatisfactory. This is recognized universally, and it is on this account that the present Commission was appointed. The existing method of assessing and taxing property was better adapted to the first half of the nineteenth century than to the second half, for property could then generally be found. The reason why our present system of taxation does not operate satisfactorily can be stated in a word, although it is on the face of it fair and simple, it is found in practice to be an impracticable theory. *A large portion of property escapes taxation.* Taxpayers," he says, "may be divided into two classes. One class constantly schemes to shift off on a neighbor some burden which they themselves ought to carry; the other class, unskilled in the practices of evasion, submit to whatever is measured out to them by the recognized authorities and pay whatever is demanded. The one class is shrewd, enterprising and adroit; the other is content to accumulate property slowly, honestly and by hard labor. It is," he adds, "a primary principle that the subjects of a state ought to contribute toward the support of the government, as nearly as possible, in proportion to their respective abilities," and then proceeds to show that the reverse is sometimes the case.

Dr. Ely points out the distinction between what he considers the proper subject matter for state and municipal taxation, and he reaches the conclusion that for municipal purposes, the basis of taxation should be real estate, which is practically the English system, and he also adopts the co-relative proposition that for state purposes real estate should be exempt from taxation.

Turning now to the reports in the State of New York, we find the same complaint is made that personalty does not bear its fair share of taxation. The governor of the state in his annual message in 1886, says: "It is believed that the tax laws of the state need a thorough revision. The present system of taxation has existed for years with few changes and comparatively little improvement. Every radical modification seems to have been stoutly resisted irrespective of its methods and propriety. "It is evident," he says, "that the personal property of the state does not pay its just proportion of taxes, and the disparity in the assessed valuation of personal and real property, verifies the statement that the statutes governing the appraisement and assessment of personal property are to a great extent defective and do not reach the great bulk of personalty for the purposes of taxation. For years the state assessors have directed public attention to the fact that the personalty of the tax payers was escaping assessment, yet there has been a shrinkage from 1871 to 1884 (not inclusive) of $107,184,371.

"The loss has been upon the assessment roll alone, for the personal property of the citizens of the state has greatly augmented during the same period. The wealth of the state has increased with its population and resources, and if

the personal property does not show an increase upon the assessment rolls, it may be accounted for in part by a lax administration of existing laws, but it may mainly be attributed to the defects in the laws themselves.

"That such laws are inoperative to reach personal estate is evident by the mere statement of the fact, that while according to the last report of the state assessors, the assessed valuation of the real estate of the state is $2,669,173,011, the valuation of the personal estate is only $345,418,361, or about one-eighth of the realty." And he adds: "It is reasonable to believe that if your present tax laws were reformed and placed upon some true and consistent theory, the assessment of the personalty would nearly equal the assessment of the realty and thereby the present unjust burdens upon real estate would be greatly alleviated."

In Massachusetts and Ohio, they reach a somewhat larger proportion of personal property than in New York State, but complaints appear to be everywhere made, that personal property does not bear its fair share of the public burdens.

Under these circumstances your Commissioners being desirous of ascertaining whether or not the representations repeatedly made by the assessors of New York State, as well as by the Governor, with regard to the tax on personal property, had produced, or were likely to produce any tangible result, placed themselves in communication with an officer of the state Legislature and learned from him that, for months past there has been sitting a committee of the Legislature, for the purpose of investigating the entire subject of taxation, the report of which is not yet ready. There appears to be a strong probability that some important changes will be made in the mode of taxation in that state, particularly in the method adopted in raising state taxes.

The history of one state in this matter is practically the history of all, and it would therefore appear to be useless to increase the length of this report by referring in detail to other states of the union.

In dealing with this subject two courses have been proposed, one is to exempt personal property in every form from taxation for municipal purposes and place the whole burden on real estate, and the other proposition is that while adhering to the principle of compelling personal property to contribute its fair quota to municipal taxation, the law be so amended as to ensure that this shall be effectually done. How best to accomplish this result is a problem of great magnitude, which perhaps nothing but experience will effectually solve.

An important branch of this subject is the taxation of incorporated companies. A very considerable amount of literature is available on this subject, but it is necessarily to a large degree theoretical; for instance Professor Seligman in his work on "The Taxation of Corporations," mentions no less than thirteen bases upon which this tax might be levied. The following among the rest—the value of the property. The cost of the property. Capital stock at par value Capital stock at market value. Capital stock plus bonded debt. Gross earnings. Dividends. Net earnings and Franchise.

To evolve satisfactory conclusions from each of the foregoing would appear to be well nigh impossible, and to attempt to deal with these several propositions in this report would hardly be profitable.

The principle applicable to individuals should be applicable to corporations in this matter and that principle is that they should be required to pay according to their ability. Some simple plan of accomplishing this result might perhaps be devised, although it must be confessed that the entire subject of taxation is one of much difficulty.

EXEMPTIONS.

The question of exemptions from taxation is one of great importance, and in considering it, it will be convenient for the purposes of reference to append a list of the exemptions in the Province of Ontario which are as follows:

"1. All property vested in, or held by Her Majesty, or vested in any public body or body corporate, officer or person in trust for Her Majesty, or for the public uses of the Province, and also all property vested in or held by Her Majesty, or any other person or body corporate, in trust for, or for the use of any tribe or body of Indians, and either unoccupied or occupied by some person in an official capacity.

"2. Where any property mentioned in the preceding clause is occupied by any person otherwise than in an official capacity, the occupant shall be assessed in respect thereof, but the property itself shall not be liable.

"3. Every place of worship, and land used in connection therewith, churchyard or burying ground. Provided however that land on which a place of worship is erected, and land used in connection with a place of worship, shall be liable to be assessed in the same way and to the same extent as other land, for local improvements, hereafter made or to be made.

"4. The buildings and grounds of and attached to every university, college, high school, or other incorporated seminary of learning, whether vested in a trustee or otherwise, so long as such buildings and grounds are actually used and occupied by such institution, or if unoccupied, but not if otherwise occupied. Provided however that the buildings and grounds of and attached to a university, college or other incorporated seminary of learning, whether vested in a trustee or otherwise, shall be liable to be assessed in the same manner and to the same extent as other land is assessed for local improvements hereafter made or to be made. This proviso does not apply to schools which are maintained in whole or in part by a legislative grant or school tax.

"5. Every public school house, town or city or township hall, court house, jail, house of correction, lock-up house and public hospital, with the land attached thereto, and the personal property belonging to each of them.

"6. Every public road and way or public square.

"7. The property belonging to any county or local municipality, whether occupied for the purposes thereof or unoccupied; but not when occupied by any person as tenant or lessee, or otherwise than as a servant or officer of the corporation for the purposes thereof.

"8. The Provincial Penitentiary, the Central Prison and the Provincial Reformatory, and the land attached thereto.

"9. Every industrial farm, poor-house, alms' house, orphan asylum, house of industry, and lunatic asylum, and every house belonging to a company for the reformation of offenders, and the real and personal property belonging to or connected with the same.

"10. The property of every public library, mechanics' institute and other public, literary or scientific institution, and of every agricultural or horticultural society, if actually occupied by such society. And all the lands and buildings of every company formed under the provisions of the Act respecting joint stock companies for the erection of exhibition buildings, where the council of the corporation in which such lands and buildings are situated consents to such exemption.

"11. The personal property and official income of the Governor-General of the Dominion of Canada, and the official income of the Lieutenant-Governor of this Province.

"12. The houses and premises of any officers, non-commissioned officers and privates of Her Majesty's regular Army or Navy in actual service, while occupied by them, and not exceeding $2,000 in value, and the full or half-pay of any one in either of such services; and any pension, salary, gratuity or stipend derived by any person from Her Majesty's Imperial Treasury, and the personal property of any person in such naval or military services, on full pay, or otherwise in actual service.

"13. All pensions of $200 a year and under payable out of the public moneys of the Dominion of Canada, or of this Province.

"14. All grain, cereals, flour, live or dead stock, the produce of the farm or field, in store or warehouse, and at any time owned or held by or in the possession of any person in any municipality, such person not being the producer thereof, and being so held, owned or possessed solely for the *bona fide* purpose of being conveyed by water or railway for shipment or sale at some other place.

"14*a*, All horses, cattle, sheep and swine, which are owned and held by any owner, or tenant of any farm, and when such owner or tenant is carrying on the general business of farming or grazing.

"15. The income of a farmer derived from his farm, and the income of merchants, mechanics, or other persons derived from capital liable to assessment.

"16. So much of the personal property of any person as is invested in mortgage upon land, or is due to him on account of the sale of land, the fee or freehold of which is vested in him, or is invested in the debentures of the Dominion of Canada or of this province, or of any municipal corporation thereof, and such debentures.

"17. The shares held by any person in the capital stock of any incorporated or chartered bank, doing business in this Province; but any interest, dividends or income derived from any such shares held by any person resident in this province shall be deemed to come within and to be liable to assessment under section 31 of this Act.

"18. The stock held by any person in any incorporated company, whose personal estate is liable to assessment in this province.

"19. The stock held by any person in any railroad company, the shares in building societies, and so much of the personal property of any person as is invested in any company incorporated for the purpose of lending money on the security of real estate; but the interest and dividends derived from shares in such building societies, or from investments in such companies as aforesaid, shall be liable to be assessed.

"20. All personal property which is owned out of this province, except as hereinafter provided.

"21. So much of the personal property of any person as is equal to the just debts owed by him on account of such property, except such debts as are secured by mortgage upon his real estate, or are unpaid on account of the purchase money therefor.

"22. The net personal property of any person; provided the same is under $100 in value.

"23. The annual income of any person derived from his personal earnings to the amount of $700.

"24. The annual income of any person to the amount of $400 derived from any source other than personal earnings.

"24*a*. Provided, nevertheless, that no person shall be exempted for or in respect of income for a sum greater than $700, whether derived from personal earnings or from other sources of income, or from the two combined.

"26. Rental or other income derived from real estate, except interest on mortgages.

"27. Household effects of whatever kind, books and wearing apparel.

"28. Vessel property of the following description, namely: Steamboats, sailing vessels, tow barges and tugs; but the income earned by or derived through, or from any such property, shall be liable to be assessed. 55 V. c. 48., s. 7.

"29. The stock or shares held by any person in any toll-road, and the dividends or income derivable therefrom are also exempted from assessment. 55 V. c. 48, s. 29c.

"30. The personal property of a bank, or of a company, which invests the whole or the principal part of its means in gas-works, water-works, plank or gravel roads, railway and tramroads, harbours or other works requiring the investment of the whole or principal part of its means in real estate, is exempt from assessment, but the shareholders are liable to be assessed on the income derived from such companies. 55 V. c. 48, s. 34 (2)."

PARTIAL EXEMPTIONS IN ONTARIO.

In any town or incorporated village in which there are lands held and used as farm lands only, and in blocks of not less than five acres by any one person, such lands shall be assessed as farm lands; but when such lands are not benefited to as great an extent by the expenditure of moneys for and on account of public improvements of the character hereinafter mentioned in the municipality as other land therein generally, the council of such town or incorporated village shall annually, at least two months before striking the rate of taxation for the year, pass a by-law declaring what part or parts of the said lands so held and used as farm lands only, shall be exempt or partly exempt from taxation for the expenditure of the municipality incurred for water-works, the making of sidewalks, the construction of sewers or the lighting and watering of the streets, regard being had in determining such exemption to any advantage, direct or indirect, to such lands arising from such improvements. Provided, however, that such lands are not to be relieved or exempted from the general rate for the payment of any debenture debt contracted before the passing of the Act or that may be renewed in whole or in part. 55 V. c. 48, s. 7*a* (1-2.)

In estimating the value of mineral lands, such lands and the buildings thereon shall be valued and estimated at the value of other lands in the neighborhood for agricultural purposes, but the income derived from any mine or mineral work shall be subject to taxation in the same manner as other incomes under the Act. 55 V. c. 48, s. 26 (1.)

In assessing vacant ground, or ground used as a farm, garden, or nursery, and not in immediate demand for building purposes, in cities, towns, or villages, whether incorporated or not, the value of such vacant or other ground shall be that at which sales of it can be freely made, and where no sales can be reasonably expected during the current year, (in case the council so directs) the assessors shall, in cities, and, where the extent of such ground exceeds ten acres, in towns and incorporated villages, value such land as though it was held for farming or gardening purposes, with such percentage added thereto as the situation of the land reasonably calls for, and such vacant land, though surveyed into building lots, if unsold as such, may be entered on the assessment roll as so many acres of the original block or lot, describing the same by the description of the block, or by the number of the lot and concession of the township in which the same is situated, as the case may be.

In such case, the number and description of each lot, comprising each such

block, shall be inserted in the assessment roll; and each lot shall be liable for a proportionate share as to value, and the amount of the taxes, if the property is sold for arrears of taxes. 55 V. c, 48, s. 27 (1-2.)

When ground is not held for the purpose of sale, but *bona fide* enclosed and used in connection with a residence or building as a paddock, park, lawn, garden or pleasure ground, it shall be assessed therewith, at a valuation which, at six per centum, would yield a sum equal to the annual rental which, in the judgment of the assessors, it is fairly and reasonably worth for the purposes for which it is used, reference being always had to its position and local advantages, unless by by-law the council requires the same to be assessed like other ground. 55 V. c. 48, s. 28 (1.)

EXEMPTIONS ELSEWHERE.

It would be a waste of time to recite in detail the list of exemptions in every case, as there is a striking resemblance between the exemptions in Ontario and elsewhere on this continent, especially in those states of the union which lie contiguous to our own territory.

It is therefore proposed, as the best method of dealing with this question, to draw attention only to material points of difference in a few states of the union and the provinces of this Dominion, giving the reference to the statute in each case.

It should, however, be stated that with regard to chartered banks and some other incorporated institutions, the almost invariable rule in the United States is to tax the capital stock, and not merely the interest or dividends as in Ontario, and to collect the same at the source rather than from the individual shareholders. It should also be stated that with the exception of four or five states there is no income tax in the United States, and consequently no exemption under that head.

Massachusetts is one of the exceptions to this rule. Bearing these facts in mind the chief differences between our own assessment law, respecting exemptions and the laws of the several states and provinces hereafter mentioned, will be found to be as follows:

MAINE.

In this state household furniture is only exempt to the extent of $200 to any one family. Mules, horses, cattle, swine and sheep are only exempt when they are less than 6 months old. "Mines of gold and silver, or of the baser metals when opened and in process of development are exempt from taxation for ten years from the time of such opening; but this exemption does not affect the taxation of the lands or the surface improvements of the same, at the same rate of valuation as similar lands and buildings in the vicinity." (R. S. Maine, 1883, chap. 6.)

OHIO.

In this state there is no exemption for household furniture, and personal property belonging to an individual is only exempt up to $50. (*See* R. S. Ohio, 1890, Title XIII., Chap. 1.)

MASSACHUSETTS.

Household furniture up to the value of $1,000 is exempt, and tools of a mechanic up to $300. The property to the amount of $500 of a widow or unmarried woman above the age of 21 years, and of every person over 75 years (provided their whole estate does not exceed $1,000) is exempt. Mules, horses and cattle less than one year old, and swine and sheep less than six months old are exempt. Incomes up to $2,000 are also exempt. (Statutes of Massachusetts, 1882, Title III., Chap. II.)

CONNECTICUT.

There is a special exemption from taxation in this state of the estate of persons, who, owing to blindness are unable by their labor to support themselves and families. The other exemptions are for the most part similar to those in Ontario, differing only in degree; household furniture is exempt to the value of $500, and parsonages to the extent of $5,000. (Statutes of Connecticut, 1888, Title LXXVI., Chap. 241.)

PROVINCE OF QUEBEC.

The exemptions in Quebec are much less numerous than in Ontario and are comprised under seven heads.

Property belonging to Her Majesty.

Property owned by the Federal or Provincial Government.

Property belonging to *Fabriques*, or to religious, charitable, or educational institutions.

Burial grounds, bishops' palaces, parsonage houses and their dependencies.

All property belonging to iron or wooden railway companies for 20 years under certain conditions.

All educational institutions receiving no grant from municipality.

Property belonging to agricultural and horticultural societies and used for exhibition purposes. Salaries of certain persons are not to be taxed unless the same exceeds $400. (*See* Municipal Code of Quebec, ss. 710, 712.)

BRITISH COLUMBIA.

The list of exemptions in British Columbia, although somewhat shorter is largely a counterpart of the law of Ontario in this respect, and in many of the clauses the language employed is identical; but incomes under $1,500 are exempt, and so are "moneys *bona fide* invested in gold mines." Improvements on real estate are exempt from taxation up to 50% of their value (Statutes of British Columbia, 1888, Vol. 1, Chap. III., 54 V., c. 45 and 55 V., c. 33, ss. 148-9.)

MANITOBA.

What has been said with respect to the law of exemptions in British Columbia, being largely a counterpart of the Ontario law applies also to Manitoba. It should, however, be mentioned that live stock and farming implements belonging to *bona fide* owners, tenants or occupants of real estate of at least forty acres in extent are exempt from taxation to the value of $1,500, together with "all buildings used in connection with a creamery or a cheese factory, and all the machinery used in connection with the said industries, and the land actually occupied by the said buildings, not to exceed one acre in area." (*See* R. S. Manitoba, 1891, Vol. 2 Chap. 101, s. 3; 55 V., c. 26, and 56 V. c. 24.)

NEW BRUNSWICK.

The exemptions in New Brunswick are few in number and are as follows: The property of the Crown, parish or county; property belonging to common school districts, cemeteries; property of agricultural societies, literary or charitable institutions, household furniture in use, mechanics' tools and fishermen's nets and boats to $200, implements belonging to a farmer, pensions and incomes to the extent of $200, the property to the amount of $500 of a widow or unmarried female, or wife deserted by her husband and compelled to earn her own living and property specially exempted by any Act of the Assembly. (*See* Con. Stat. of N. B., 1877, C. 100.*

NOVA SCOTIA.

There is nothing requiring special notice in the list of exemptions from taxation in Nova Scotia. (*See* Statutes of Nova Scotia, 1888, Chap. 2, s. 6.)

*NOTE.—Your Commissioners were unable to find any authority in the statutes of New Brunswick for exempting church property. This led to enquiry, and in a communication from the author of a recently published index of the statutes of New Brunswick, it is stated "no church property is by law exempt from taxation in this province, (N B.) except in St. John, which is governed by a special charter, 'but,' our correspondent adds, 'by a sort of common consent, church property, that is, church buildings, furniture, parsonages, etc., are *not taxed*.'"

J. R. CARTWRIGHT,
T. W. ANGLIN,
E. SAUNDERS.

SUPPLEMENT.

SUPPLEMENT.

BY

HON. T. W. ANGLIN.

Although the statements and returns which we have been able to obtain especially in regard to municipal taxation in the several countries of continental Europe, are not as full or as recent as could be desired, yet, taken with the statements obtained from several of the United States and from many parts of Canada, they are sufficient to show the chief differences in the systems and in the incidence of taxation. In England, Scotland and Ireland all the municipal revenue required, in addition to that furnished by rents, dues, fees, tolls and fines, was raised by the taxation of real property until the system of subventions from the Imperial Treasury in aid of the local rates was introduced. The amount yielded by the duties and parts of duties transferred to the local authorities, in lieu of those subventions (see pp. 1 and 12), is little more than one-fifth of what is still raised by the rates on real property. In France, Prussia and other countries the amount required for municipal purposes, in addition to what is obtained from the octroi duties where these duties are still levied and from the ordinary sources of municipal income, is obtained by the taxation of real property. The direct taxation of personal property and the poll tax have long been unknown in any part of Europe except the Swiss cantons. Even Russia has given up the poll tax, which, at one time it is said, yielded a large revenue. Incomes are still taxed for municipal as well as for State purposes in Switzerland, and in some cities of Germany.

The United States endeavor to raise a large part of their State (not national) and municipal revenues by the direct taxation of personal property, by special taxes on various occupations in many cases, and (in five or six States) by the taxation of income. Some States in their constitutions prohibit the imposition of a poll tax, as barbarous and degrading; but in the great majority a poll tax is levied, although in some the proceeds are expressly devoted to educational or charitable purposes.

The Provinces of Canada seem to have borrowed their ideas and system largely from the U. States. In Ontario the law makes all real property and personal property of certain descriptions liable to taxation for municipal purposes at its full value. But those holding stocks of banks, of railway companies, of building societies and companies incorporated for the purpose of lending money on the security of real estate, are taxed only on the dividends they receive, and mortgagees pay only on the interest they receive. Incomes are taxed, subject to certain exemptions; municipalities are authorized to abolish the statute labour tax which is, in any case, imposed only on those who pay no other tax. In other Provinces the law provides that all property shall be taxed alike. Which is the better system? Or is either system precisely what it should be?

Real Property.

Land, and the buildings and other improvements on land, have at all times borne a large share of all public burdens. The revenues of the great Roman Republic and Empire were made up chiefly of taxes levied on those who held land as owners in a limited sense and of those who held as tenants of the State or occupants. When the Anglo Saxons became masters of England the *Trinoda Necessitas* or the duty of rendering military service and of building and repairing bridges and fortifications attached to all the land of the kingdom, no matter what the differences in the character of the tenure and no matter what the local burdens were. When the feudal system grew into existence individual ownership of land absolutely disappeared for a time. The sole owner was the sovereign representing the State, and the earls and barons who controlled great tracts of country were but tenants *in capite* bound so to manage the lands entrusted to their charge as to be always prepared to lead the stipulated number of knights and men at arms, properly trained and equipped, on any military expedition ordered by the king, and to maintain them in the field for forty days in each year. When it became necessary for the king to raise money under the name of subsidy or aid or benevolence, rents from lands (paid in addition to the stipulated military service of the sub-tenants) were frequently taxed. This system changed in course of time. The tenants-in-chief and in many cases the sub-tenants became proprietors of the lands, paying a fixed charge which, as money depreciated in value, became in most cases a very small part of the rents themselves received. They did not, however, obtain full relief from feudal duties and obligations until the reign of Charles the Second. Even after that period a land tax was frequently levied for national purposes, and until 1842 the burden of local taxation was borne wholly by real property. Then the landowners succeeded in transferring part of that burden to the general revenue.

The French Revolution relieved the French peasantry from the almost numberless, harassing and oppressive services which they had for ages been compelled to render to the seigneurs and the exactions which scarcely left them food enough even of the coarsest description; but the land is still required to contribute a large share of the public revenue. What is called the Emancipation of the Serfs in Russia was in reality little more than a commutation of the rents which the peasants paid in work, in services of various kinds, in produce and in money, to the great proprietors, and a relief from personal subjection often degrading in character. The price or rent to be paid to the former owners of the land has been found too high in many cases, but the "Mir" or family municipality continues to pay the Imperial land taxes and to furnish its quota of men to the Imperial armies.

Stein and Hardenburg revolutionized the system of land tenure in Prussia, but they made no change in the extent to which the land was required to contribute to the support of the public services, national and local.

Land has always been considered the proper subject for a large proportion of the taxation levied in any way for public purposes. Mr. Goschen, replying in the British Parliament to a gentleman who contended that the land should be relieved from a large share of the taxation it then bore, said :

"I think that if the Hon. Baronet will look to foreign countries or examine the history of his own he will find that at no time has it been held that the taxes upon land are the same as upon other kinds of property." (Mr. Goschen on Local Taxation, p. 183).

In the same debate Mr. Gladstone said : "It (land) is the first subject that offers itself for that purpose (local taxation). That is the tradition of the country

and no one will gratuitously desire to change the arrangement when we consider the adjustment by which real property bears more of local, and personal property more of Imperial taxation." The exemptions which under the British system of taxation real property enjoys, Mr. Gladstone said, "it would not be possible to maintain for a single moment after you remove the exemptions of personal property from local taxation. I do not give an opinion beyond saying," he added, "that if a general proposition is to be laid down that personal and real property are to share in equal proportions the burdens of local taxation, it is impossible to resist the co-relative proposition that real and personal property must be equally charged with respect to Imperial taxation."

The Single Tax Idea.

Some carry the idea that all land is national property so far as to insist that it should bear all the burdens of the State wherever its value is sufficient. This was the idea of the school of Physiocrats who, it is said, largely influenced French legislation in that direction at the time of the great revolution. Others go farther and insist that all the value of the land, no matter how great it becomes, belongs to the State and should be used for State and municipal purposes. Should the fair rents of the lands of the country, urban and rural, exceed the necessary public expenditures the surplus, they contend, should be devoted to other useful public purposes. Adam Smith rather favored the first of these theories. He wrote :

"General rents and the ordinary rents of lands are perhaps the species of revenue which can best bear to have a peculiar tax imposed upon them. Nothing can be more reasonable than that a fund which owes its existence to the good government of the State should be taxed peculiarly. The gains of monopolists, wherever they can be come at, are certainly of all subjects the most proper for taxation." Bastable, a modern writer, regarded as an authority, describes this as "a doctrine, the truth of which as a general statement can hardly be denied. When regarded by itself," he says, "increased wealth seems, as it were, designated to supply the wants of the community, and there is no reason for surprise at the popularity of any proposals in that direction"

J. S. Mill, in his work "Principles of Political Economy, book 5, chap. 2," says: "Suppose that there is a kind of income which constantly tends to increase without any exertion or sacrifice on the part of the owners, those owners constituting a class in the community whom the natural course of things progressively enriches, consistently with complete passiveness on their own part. In such a case it would be no violation of the principles on which private property is grounded if the State should appropriate this increase of wealth or part of it as it arises. This would not properly be taking anything from anybody ; it would merely be applying an accesssion of wealth created by circumstances to the benefit of society, instead of allowing it to become an unearned appendage to the riches of a particular class."

In the same chapter, Mr. Mills says : "In most countries of Europe the right to take by taxation as exigency might require an indefinite portion of the rent of land has never been allowed to slumber. In several parts of the continent the land tax forms a large proportion of the public revenues and has always confessedly been liable to be raised or lowered without reference to other taxes."

But Mr. Mills admits that it would be unjust "to come upon each individual estate and lay hold of the increase which might be found to have taken place in its rental, because there would be no means of distinguishing between an increase owing to the general circumstances of society and one which was the effect of

skill and expenditure on the part of the proprietor. The only admissable mode of proceedure would be by a general measure. The first step should be the valuation of all the land in the country. The present value should be exempt from the tax ; but after an interval had elapsed during which society had increased in population a rough estimate might be made of the spontaneous increase which had accrued to rent since the valuation was made. From the present date or any subsequent time at which the Legislature may think fit to assist the principle, I see no objection to declaring that the future increment of rent should be liable to special taxation, in doing which all injustice to the landlords would be obviated, if the present market price of their lands was secured to them ; since that includes the present value of all future expectations."

Thorold Rogers (Political Economy, chap. 22,) says : " In most countries a tax on the rent of land forms a notable item in the revenue receipts. In the United Kingdom it is included in the income tax, the so-called land tax being a rent issuing from the land, invariable, redeemable and wholly disproportionate to the present value of the property from which it is derived."

It may be desirable to try what, under present circumstances, would be the effect of reserving to the State the full, actual, active and permanent ownership of all the land of the nation, assigning for the municipal administrations of cities and towns a sufficient proportion of the rent of the lands within their limits, if any civilized people were in a condition to put aside all old systems and all that has grown out of those systems and to commence *de novo*. But would people, if other countries or cities in which the ownership of land, even though conditional, still existed, were open to them care to settle on farms in which they never could acquire any property except that in unexhausted improvements effected directly by their labor ; or to settle in cities in which they could never acquire the ownership of a single lot ? What would have been the effect if the people who were invited to settle in the Canadian North-west had been told that the increase in the value of the lands, which may be caused by settlement, would never be theirs and that none of them could ever obtain the absolute ownership of a city lot ; that their property in the buildings and fences they put up, in the drains they dug, and in such increase in the values of the soil as was the result of labor in reclamation or cultivation would be respected but that of the " unearned increment " in the market price of the land on which they settled, no part would be theirs ? Would Winnipeg have grown so rapidly if such a system had been in operation since it was Fort Garry ? Would Vancouver be what it is to-day if the State or the C. P. Railway Company had retained the ownership of the land with the right of exacting the full rent as determined by frequent periodical valuations ? One of the hopes which inspire the settlers on wilderness lands and sustain them under hardships and privations such as slaves could not endure and live, is that the lands adjoining theirs will, soon be taken up and that by this means as well as by their own labor in clearing and fencing and draining a property will be created which they can leave to their children. How many would be induced to take up new lands, how many to remain on the old farms if that hope were taken away ?

The principle of dealing with land as the property of the nation and making it bear all, or nearly all, the burdens of government, national and municipal, is very old. It can hardly be said with truth, however, that anywhere or at any time it did so much to promote the welfare and happiness of the people as some imagine it would do now were it worked under the conditions of the present age in the more civilized countries. On this principle eastern countries have been governed from time immemorial. It was the essence of the system of the Roman Empire and of the Germanic and Scandinavian peoples, first

in their original communities and afterwards in those parts of the crumbling empire which they overran ; and on this principle the feudal system was established. In the Turkish Empire customs and excise duties were long unknown. The revenue was made up of the amounts exacted from the occupiers of the soil and the outrages which seemed almost to justify the last Turco-Russian war were committed by the "unspeakable Turk," when striving to extort more from the cultivators of the soil than they could pay. In Egypt, under English management, as before, the fellahs who till the soil pay the principal part of what may be called their rents to the government officials. In India, before the British took possession of it, the Ryots paid rent to the native princes, generally one-fourth of the total produce of the land, and had no right of property in the soil they cultivated, although they were seldom if ever disturbed. That system of tenure and rent was continued by the British. In great part of Bengal and in some other districts the British authorities, to avoid trouble, made agreements with the Zemindars, appointed to collect the rents, to pay a fixed annual sum computed on the returns of the previous years, retaining for themselves whatever more they could collect. This promises to have an effect like to that produced by the similar arrangement made by Henry the Second of England, and his successors, with some of the feudal tenants-in-chief, and indeed the Zemindars of Bengal are already regarded as, in some respects, landed proprietors. In other districts, however, the rents are still collected and paid over in the old way. The annual revenue of the Indian Government from land is about £20,000,000 sterling. The condition of the people of either Turkey proper, of Egypt or of British India is not very enviable. It may be said that the money taken from the Indian Ryot is all spent in England. But the condition of the masses was not any better under the rule of the native princes, when all the money raised in the country was spent in the country.

Neither has the partial trial of the principle in municipal affairs proved very successful. Many of the English boroughs own a considerable portion of the soil within their limits, but the revenue they derive from this source is, in most cases, comparatively small, building lots and lands having been leased at low rents and for long terms to persons who had influence with the borough governments. Liverpool (England) for instance, owns property worth £600,000 a year, but the municipality gets only £100,000 a year from it. In many cases the rent received bears even a smaller proportion than this to the present value of the property. It may be said that any such malversation of public revenues would be impossible under the system now proposed, as no leases would be given, and all lands would be valued frequently. But, especially in cities and towns where, as must be the case under this system—as indeed is largely the case now in the cities and towns of the U. States and Canada—the houseowners form a large and active, because interested, portion of the constituency means of escaping from the full burden of taxation—equivalent to the annual value of the lots on which the houses stand—would probably be found.

In France about ten million acres of land are still in possession of the nation and of the municipalities. The management of the forests by the national government is not much complained of. But the management of the three or four million acres owned by the communes and villages is so bad, the produce of this land, much of which is naturally very fertile is so insignificant, compared to that of the lands owned by those who cultivate them, that some writers declare that this communal land is almost wholly lost to the country and its compulsory sale in small parcels has been frequently suggested.

The English Enclosure Acts, the first of which were passed in the sixteenth century, formed a large part of the legislation of that country, even as late as

the reign of George the third. They were essentially unjust, as they deprived a large part of the people of the rights in certain arable lands or in the common or waste lands which they had enjoyed for centuries, without compensation, and gave to the large land proprietors absolute ownership of many million acres of land in which they previously had but a limited interest. But even those who regard these as acts of robbery, as a plundering, under form of law of the weak and the helpless, admit that agriculture could never have even approached its present state of perfection in England if individual ownership had not in some way been substituted for the ownership or occupation in common, which rendered improvement and progress almost impossible.

However the exclusive ownership of large tracts of land in the old world may have been originally obtained, the great majority of mankind agree that the property in land which has been created and sanctioned by the laws and the usages of ages and by the acquiescence of the whole people should be respected so far at least as it is not inconsistent with the existence or the well-being of the nation. Even of those who think that ownership of land is not and cannot be absolute, and that its abuse should be prevented by law, very many believe that to destroy without compensation, the property in land which usage and law have created would be unjust. Others say that if the possibility of acquiring landed property which at all times has been one of the chief incentives to individual effort, were wholly taken away people generally would not be as industrious, energetic, enterprising, thrifty and progressive as they are now.

Neither in Canada nor in the United States can the titles of private land-owners be impugned on the grounds that they or those from whom they derive their titles obtained their lands by force or fraud. In the early days of this Province complaint was frequently made that members of the Government improperly obtained grants of large tracts of land for themselves and their relatives. The total quantity about which such complaints were made was small compared to the area of the whole Province, and all the rest was thrown open to settlers at low prices or without price where conditions of settlement were imposed. Population was the great want of a wilderness region. Without population progress of any kind was impossible and land must remain worthless. The settlers who, having paid the price or done the work required and fulfilled the conditions prescribed, obtained their grants or patents, believed that they had acquired an absolute, complete, indefeasible title to the lands so conveyed to them. The acquisition of land in this way, even the advocates of the single tax system can scarcely venture to call robbery; but even the titles so obtained they contend are of no value, because the natural law forbids the absolute ownership of land and because the people of one generation are not bound by what the people of a previous generation chose to do, even though that was done in the public interest and with the unanimous approval of the whole nation. The contracts, undertakings, obligations, agreements or laws of one generation they allege are not binding upon the next, and nothing done in the past by individuals, peoples or governments can deprive or ought to deprive the people now living of the full ownership and absolute control of all the lands of the world.

Personal Property.

The propriety and the wisdom of raising a revenue for municipal purposes by direct taxation of personal property, occupy much more of the public attention than the advocates of what is called the single tax system have yet been able to obtain for their proposals.

That personal property should bear its full share of national and municipal burdens has never been questioned, but there is still much difference of opinion as to what its proper share is, and still more as to the means by which its proper share can be obtained.

In nearly all the countries of Europe, when personal property which for centuries had been little more than the farm stock, the rude implements and the furniture, scant and more rude, of the occupants of land and the small stock of the traders and others dwelling in the cities multiplied in form and amount it became impossible to reach even the greater part of it for purposes of taxation, and the injustice done to those whose property could be reached became so manifest that the direct taxation of such property was abandoned and other modes of compelling all owners of personal property to bear their share of the public burdens were sought. In England the Probate and Legacy duties. the duty on carriages, horses, servants, armorial bearings, dogs and guns, the income tax and various modifications of the duties of customs and excise were employed for this purpose. In France a tax proportioned to the rental of each house was imposed. This is not a tax on the property, but on the occupant, the rent of the house being regarded as an index of what he should pay on his personal property. This system of levying on personal property has been adopted in the Province of Quebec in respect of the buildings in which business is carried on, and there it is called a business tax. In several countries an income tax is the chief means of reaching personal property.

But in the United States and in Canada the state of things is widely different from that which is found in Great Britain, or in any part of continental Europe. The reasons for imposing the greater part of the public burdens on land do not all exist on this side of the Atlantic. The ownership of land does not confer political power or social privilege. We have no landed aristocracy whose members enjoy vast incomes and aspire to the control of government and legislature. Nearly all our men of large means are residents of cities, who hold in stocks and bonds and mortgages the wealth they have made in commerce or in speculation. The general feeling is that men of this class do not contribute as much as they should to the public service and a chief cause of the complaints which come from all quarters is that very many of them evade the most stringent laws that can be framed to bring their property within the cognizance of the assessor.

Dr. Ely in his work "Taxation in American States and Cities," page 139, says:

"One reason why our present system of taxation was universally introduced may be found in the progress of democratic thought. It was desired that all should contribute in proportion to their abilities. The sentiment all over the union in favor of the taxation of all property is very strong. It is of no avail to talk about abolishing taxes on personal property as some do, unless something is substituted for the personal property tax, so unalterable has become the determination to tax every one in proportion to his ability."

But in the United States as in Europe, it has been found impossible to devise any system by which all or even the greater part of personal property can be reached by taxation. In several of the States, as in Ohio for example, the provisions of the constitution and of the statutes are such as would seem to render it impossible that any considerable amount of personal property should escape; yet much the greater part does escape, as great part has escaped at all times in all wealthy countries in which personal property has been subject to direct taxation. As one writer says: "The rack and scourge of the Romans were as ineffectual as the listing and swearing and other devices which have been so fully tried of late years in the United States.

Dr. Ely admits that, "one uniform tax on all property as an exclusive source of revenue, or the chief source never has worked well in any modern community or State in the entire civilized world, though it has been tried thousands of times, and although all the mental resources of able men have been employed to make it work well." Personal property he elsewhere states "is sometimes discovered in its entirety, but it is then nearly always the property of the comparatively helpless, namely widows and orphans whose possessions are matters of public record."

The testimony on this point comes from all quarters and is perfectly conclusive.

Commissioners appointed by the State of Connecticut to report on the subject of taxation, say, "The proportion of intangible securities to other taxable property has steadily declined from year to year. In 1855 it was nearly ten per cent.; in 1865, it fell to about seven and a half per cent. and in 1875 to about three and three-quarters," yet during those years such property had greatly increased. "Household furniture above $500 in value constitutes an item of only $9,500 in one city," they say, "while a neighboring town of only half the population returned $12,900." "As the law stands," they conclude, "it may be a burden on the consciences of many, but it is a burden on the pockets of few, not because there are few who ought to pay, but because there are few who can be made to pay. A few towns, a few estates, and a few persons of a high sense of honesty bear the entire tax." And they say, "such has been the universal result of such laws elsewhere."

The Commissioners appointed in West Virginia in 1884, say, "At present all taxes from invisible property come from a few conspicuously conscientious citizens, from widows, executors and guardians of the insane and of infants. In fact, it is a rare thing to find a shrewd trader, who gives in (to the assessor) any considerable amount of notes, stocks or money. Paying taxes on this kind of property is considered pretty much in the same light as donations to the neighboring church or Sunday school."

A New Hampshire Commission reported that three-fourths of all personal property in that State is not reached by the assessors.

The New York Commission of which Mr. D. A. Wells was a member, reported at much length on the taxation of personal property, showing that all the attempts yet made to tax personal property had failed to reach the greater part of such property and that "extraordinary means, whereby such property may be got at, must be the essential features of any system which aims to tax property, that is in great part incorporeal, invisible and intangible." In support of this they quote Gibbon, who in treating of the system of the Roman Empire asserted that "payment of taxes on the secret wealth of commerce and the precarious profits of art and labor can scarcely be extorted by any other means than those of corporal punishment," which was then freely employed by the tax gatherer, and which, it is alleged, "is sometimes freely used for this purpose in some eastern countries in our own day."

To escape from a full taxation of his personal property, the ratepayer of Ohio must make most elaborate mis-statements, commit the most flagrant perjury and expose himself to serious penalties; yet the governor of that State in 1887 in a special message to the Legislature said: "The great majority of the personal property of this State is not returned, but entirely and fraudulently withheld from taxation."

The governor of the State of New York in 1866, said in a message to the

Legislature of that State: "For years the assessors have directed their attention to the fact that the personalty of the taxpayers was escaping assessment and yet there has been a shrinkage from 1871 to 1884 of $107,184,371."

In the City of New York the assessed value of real estate was :—

In 1875	$1,960,352,703
" 1885	2,762,348,218
An increase of	$801,995,515

The assessed value of personal property was :

In 1875	$407,427,339
" 1885	332,383,239
A decrease of	$75,044,160

It is well known that during these ten years personal property had increased enormously in that city, and it is believed that its actual value was twice the value of the real property. According to the assessment the value of the personal property was less than an eighth of the value of the real estate. In Massachusetts, and especially in its principal city, Boston, earnest efforts have always been made to reach personal property and these were at one time so successful that in 1880, the assessed personal property in that little State exceeded the assessed personalty of New York in value by no less than $151,128,018 Yet even in Boston it is found impossible to "get at" all the personal property

The value of real property in that city was :

In 1867	$250,587,700
" 1886	517,503,275
An increase of	267,015,575

The value of personal property was :—

In 1867	$194,358,400
" 1886	193,118,060
A decrease of	1,240,340

In Cincinnati personal property was assessed at $68,412,285 in 1867, and only at $42,571,661 in 1886.

The evidence that in the United States, notwithstanding the stringency of the laws, personal property is "slipping from the assessment," as in 1692 and the years following it slipped from the English assessment, may be multiplied to a great extent.

The taxation of real property in many cases presents the most absurd features. In the efforts of cities and towns to escape from what they regard as an undue share of county taxation, and of cities, towns and counties to escape from an undue or a fair share of state taxation, the valuation is sometimes made ridiculously low; and the county boards of equalization while they do what seems necessary to secure a fair distribution of the county burdens, carefully avoid increasing the total valuation so as to incur liability for more than they believe is their fair share of the State burdens. The valuation of the property in the great city of Chicago affords a remarkable example of the effects of such a struggle.

But, probably little real property escapes taxation, and if all are dealt with alike it matters little whether the assessed value is seventy-five or fifty or twenty-five per cent. of the market value. The fact, with regard to personal property, is that the greater part of it, especially in the large cities, escapes taxation altogether. The exemption of Federal Bonds from taxation; the state of the law which prohibits the imposition of taxation in one State on property liable to taxation in another, or the taxation of property that has already been taxed anywhere; the exemption (in some States) of an amount equal to the owner's indebtedness and the impossibility of ascertaining, unless from himself, what property a man holds in debentures, notes and similar securities afford facilities for escaping from such taxation of which the great majority avail themselves, even in these States in which the rate payers are bound by law to furnish sworn statements of what they own. In New York and some other places, where the ratepayers are not required to assess themselves, the results of what is called a valuation assessment are certainly no better.

In Ontario furniture and "so much of the personal property of any person as is equal to the just debts owed by him on account of such property," are exempt from taxation. In some of the United States, Massachusetts for instance, no deduction is made on account of indebtedness, the ratepayer being treated as owner of all the property of which he is in possession, as if municipal taxation should be apportioned according to benefits conferred. In those States in which deductions are made on account of indebtedness many means of creating artificial indebtedness are employed. This may not be done in the cities of Ontario. It may not be necessary. But if it is true that in England the value of the personal property in cities is three times as great as the value of the real property and that it is at least twice as great in many of the cities of the United States, it certainly should be at least as great in such a city as Toronto. Yet, while in 1892 the real estate of Toronto was valued at $136,584,000, the assessed value of all the personal property was only $10,308,660. Recent exemptions will reduce even this small amount considerably.

Why is it that at all times and in all countries personal property strives, and with such success in most cases, to escape taxation? Besides the universal desire to escape from taxation, is there any special reason?

Railways in several of the United States are taxed on the value of the ground they occupy of the road-bed, ties, rails, rolling stock and buildings. of all that the capital and bonded debt of the roads represent. They are also taxed by several States on their franchise, usually by the exaction of a percentage of the gross receipts. Mines are also liable to municipal and State taxation on their full value, and in some cases are taxed on their output. It is not very surprising, therefore, to find that those who hold stocks and debentures, which but represent the properties thus fully taxed and have no other value, think it unjust that those evidences of wealth should be taxed as if they were essentially wealth, and should employ means even worse than questionable to escape from such taxation.

Many are of opinion that money invested in business and in manufactures with all their risks and uncertainties should not be taxed as much as money invested in real estate, the returns from which are all but certain; and not a few perhaps feel justified on this account in concealing from the assessors as much as they can of their personal property.

It seems beyond question that those who manage municipal affairs sometimes deliberately undervalue personal property through a regard for what they consider the general interest. In the competition for business always so keen even a trifling increase of taxation may produce serious effects. Fawcett says truly

that, "the trade of a district may be seriously imperilled if it has to bear disproportional rates." Some years ago the decennial census showed that the increase of manufacture and of population had been much greater in Pennsylvania than in New York, and this was generally believed to be due to the entire exemption of property invested in commerce and manufactures, from taxation in Pennsylvania. Mayor Hewitt, in a message to the New York city council, in January, 1888, advocated exemption of personalty as a means of building up the business of New York, and stated that the undervaluation of personalty, which had long been cause of complaint was necessary to the business welfare of the city. He said, "Under ordinary circumstances it would have been my duty to remove the Commsssioners complained of (for undervaluation of personal property) from office. But I could not shut my eyes to the fact that the existing laws had never been executed, and there was no difference of opinion amongst those who had studied the question that they never can be executed as they stand in this city." Dr. Ely, one of the Maryland Commissioners, who reported in 1888, says in his minority report (page 187), "Business men of Maryland should understand that there is a deliberate attempt to draw business to New York by low taxation." Even the retail trade of the State, he argued, was seriously affected by the difference in the rates of taxation and "the value of real estate depends upon the condition of business, and unless business flourishes the laboring population can not find employment.

Mortgages.

When capital was very scarce and the rate of interest was very high Upper Canada deliberately adopted the policy which was generally known as free trade in money. Lenders and borrowers were left free to make what bargains they found to their advantage, and municipalities were permitted to tax only the interest received from money lent on mortgage and the dividends of money-lending joint stock companies. The necessity for those means of inducing an inflow of capital probably exists no longer; but capital invested in loans is peculiarly "mobile" and some are of opinion that the very large amount of English capital invested in this Province, through the agency of our joint stock companies, would be "driven out of the country," if, owing to increase of taxation or any other cause, it ceased to yield what the owners consider a satisfactory return. Would this happen if the taxation on real property were apportioned between mortgagor and mortgagee according to the assessed value of the property and the amount of the mortgage as many contend it should be? It is alleged that when money in mortgages is taxed as other personal property no difficulty in borrowing on reasonable terms on good security is found; but it is also alleged that in some of the United States when money invested in mortgages was taxed as other property, such difficulty was actually created. "Would the taxation of money invested in mortgages merely reduce the net income of the lender or would it increase the rate of interest for the borrower?" is a question which has been much discussed. It is an exceedingly difficult question to settle conclusively, so many circumstances affect the rate of interest at different times and in different places. It is a question which even men engaged largely in money transactions would answer differently. The prevailing opinion amongst those who deal with such questions scientifically is that ultimately any tax on money lent must be borne by the borrower.

Mr. D. A. Wells, in the report of the New York commission (pp. 39-40), says:

"All experience shows that in a country like the United States where land

is relatively abundant and cheap, and moneyed capital scarce and dear, whatever interposes between or obstructs the connection of capital and land, works to the detriment of and retards the development of the State."

The law of New York, when that report was written, fixed a maximum legal rate of interest and required that money invested in mortgages should pay the full rate of taxation imposed on other personal property. The effect of this, according to Mr. Wells, was that "capital which formerly found its way into real estate mortgages is now directed into other channels, and to such an extent that was it not for the provisions of law which exempt the mortgage investments of savings' banks and life insurance companies from taxation and compel these institutions to invest a part of their capital in securities, money could now hardly be obtained in New York for the improvement of real estate on the pledge of the property."

In 1860 Connecticut taxed mortgages at their full valuation as other property was taxed, and it was provided that: "As between residents of the State indebtedness might be deducted from valuation, when, at the instance of the debtor, the debt would be transferred for taxation to the list of the assets of the creditor." Two years after it was found desirable to pass a law providing that: "No contract shall be deemed usurious by reason of the borrower's paying or agreeing to pay the taxes assessed and paid on the sum loaned or the insurance upon the estate mortgaged to secure the same." "The practical effect of which," Mr. Wells says, "is most obviously to throw the whole onus of taxation on the debtor and entirely to exempt the creditor."

In New York, Massachusetts and many other States, the law required that mortgages of real estate should be taxed in common with and at the same rate as all other securities and property. New Jersey and Pennsylvania, with what Mr. Wells calls, "a wiser experience entirely exempted mortgages from taxation."

The Maryland Commission of 1888, in their report, pp. 73-4, say that one of the most difficult questions with which they had to deal was the exemption of mortgages. It seemed to them unfair that the holders of a mortgage deriving an income therefrom should not be taxed as the holders of other property were, "but after inquiry, discussion and prolonged reflection" they say: "We have come reluctantly to the conclusion that it is not judicious for us to recommend any change of the existing law on this subject" by which mortgages were exempt. They state that in coming to this conclusion they were influenced solely by a regard for the interests of borrowers. It was their deliberate conclusion, they say (p. 75): "That no method could be devised by which the tax could be collected out of the lender's interest and would not be transferred to the borrower." The Maryland Legislature repeatedly refused to repeal the law exempting mortgages from taxation. Mortgages are now taxed in Pennsylvania.

Dr. Ely, in his minority report, says: "Turning this matter over in my mind and looking at it from every possible standpoint I fail to see how the exemption of mortgages is a special favour conferred on money-lenders. It is an exemption which makes the flow of capital to us easier and the benefits are thus diffused throughout the community." Dr. Ely contends that if mortgages are taxed the tax is paid by the borrower. He says: "A lender in Baltimore is content with good five per cent. mortgages, because he knows that they cannot be taxed. If they were legally taxable as in other States he would want six where he now takes five," even though the tax on mortgages, where imposed by law, is generally evaded. The lender would protect himself against the risk.

Banks.

The feeling that capital invested in banks should bear a full share of all public burdens, is very strong wherever personal property is taxed. The owners

of bank stock are regarded by many as wealthy men who take advantage of the wants of all who must borrow money. And although money invested in bank stock is not always perfectly safe, as is money invested in good mortgages, yet it generally yields a much larger annual return. The feeling that bank capital should be taxed is so strong in some of the United States that more than one State constitution provides that it must be taxed. The Constitution of the State of Ohio, Article XII, says: "Laws shall be passed taxing, by a uniform rule, all moneys, credits, investments in bonds, stocks, joint stock companies or otherwise, and also all real and personal property according to its true value in money;" and again:

"The General Assembly shall provide by-laws for taxing the notes or bills discounted or purchased, moneys loaned and all other property, effects or dues of every description (without deduction) of all banks now existing or hereafter created, so that all property employed in banking shall always bear a burden of taxation equal to that imposed on the property of individuals."

It is not easy to understand how banking could be carried on if this provision were strictly enforced.

The capital stock of domestic banks at par value and so much capital as is employed in the branches of banks whose headquarters are elsewhere, are taxed as other personal property in the cities of the Maritime Provinces.

In Ontario, in accordance with the policy of inducing outside capital to seek investment in the Province, the owners of bank stock are required to pay municipal taxes only on their dividends. This, many who have capital invested in commerce and manufactures, complain of as unfair.

It is alleged that if banks were taxed on their capital, money would not be "driven out of the country," because the profits would still be so large that the stock of every bank of good standing would still sell at a price far above par. It cannot be denied that if the full capital were taxed profits would be reduced precisely to the extent of the increase of taxation unless some means were found to increase those profits. Would such means be used? Would the rates of discount be increased and the interest on deposits be reduced? Would the burden imposed on the stockholders be by them transferred to the customers of the banks? It may be assumed that this would be done if possible, and there is no doubt that an increase in the rate of discounts would affect business men, manufacturers and, indeed, the whole community very seriously. There are some who contend that the rate of discount would not be affected by a fair tax on bank capital; that the rate is not higher in those cities in which bank capital is fully taxed than in the cities in which only dividends are taxed; that the causes which influence the rates of interest and of discount are of so general a character that an increase or diminution of local taxation would have no perceptible effect on them; that no bank has ever been known to reduce its rate of discount merely because its profits were large and that all banks exact the highest rate of interest that a scarcity of money at home or abroad, a disturbance in the rates of exchange or the necessities of their customers enable them to exact.

Mr. WELLS, in the report from which we have quoted so frequently, does not discuss this question, but in recommending that all corporations created by the State which are in the nature of a monopoly should be taxed, says: "Other corporations which approximate in character to the gas company would be the national banks (which may be taxed under the present provision of the United States law through their stockholders) and State banks."

Dr. ELLIS, in his work (taxation in American States and cities, pp. 331-2), says: "The Maryland system of taxing incorporated banks works well. They are taxed

by the State authority, namely, the State Tax Commission. The actual value of all shares is computed, and from this the assessed value of each share for purposes of taxation. Banks often pay local authorities also and deduct the same from the dividends. The Maryland system requiries all corporations to pay taxes on stocks and bonds and to charge the tax to holders of stocks and bonds. There is everywhere difficulty about the taxation of unincorporated banks, (which) return little or no capital, and the private bankers . . escape the personal property tax by devices already sufficiently elaborated. This is a grievous injustice." Mr. Ely recommends as a remedy that all engaged in banking business should be compelled to become incorporated, but he thinks that "possibly, practical bankers might devise some better plan."

All writers agree that money invested in bank stocks should be taxed at least as heavily as other personal property, unless total or partial exemption of money so invested be manifesty in the public interest. Some contend that because of the value of their franchise, which authorises them to issue paper as money, banks should contribute more to the revenues, national and local, than other descriptions of property.

Loan Companies.

What has been said of banks may be said of loan companies. Unless it be in some way detrimental to borrowers there can be no reason why the owners of the stock of such companies should not be taxed at least as heavily as those who hold stocks of dry goods, hardware or groceries. The only questions to be solved with respect to them are:

Would the full taxation of the capital stock of such companies cause a withdrawal of any considerable portion of the capital now invested in them—"drive money out of the country?" or

Would the companies be able to extort from those who borrow from them such an increase in the rate of interest as would equal in product the increased taxation?

Some assert that these companies also demand in all cases the highest rate of interest which the circumstances of the money market and the necessities of borrowers enable them to exact.

Insurance Companies.

Insurance companies hold a position different from that of either banks or loan companies inasmuch as it is not necessary to invest much capital in their business. The law requires that insurance companies shall have a certain amount of paid-up capital and shall make certain deposits with the government as security to the insured, and those who manage such companies have learned that in order to create public confidence it is desirable to hold available investments to a much greater amount than the law requires. But nearly all the capital held by them is invested in interest-bearing securities, and only as much is kept on hand as is thought absolutely necessary to meet such demands as may arise any day. The premiums received one year with another are more than sufficient to cover all expenses (although the expenses of this business as now conducted are very large) to meet ordinary losses and to pay handsome dividends. It is only when a great fire, such as that of Chicago, Boston or St. John, N.B., occurs, that the receipts of any year are insufficient to meet all demands on the fire insurance companies and leave large profits; and in the case of well-conducted life insurance companies the profits are always large, the amount paid on the death of the insured every year probably not exceeding on the average one-half the amount received as premiums.

Would an increase in the taxation of such companies cause an increase in the rates of insurance or merely diminish the profits of the insurance companies? The policy which encouraged an influx of English and American capital by determining that in respect of money invested in mortgages only the interest should be liable to taxation, and with respect to money invested in banks, that only the dividends should be taxed, led also to the provision that only dividends of insurance companies should be taxed. In 1880 the law was so amended that certain incorporated companies, including insurance companies, were made liable to assessment on their personal property, "in the same manner as if they were unincorporated companies." This amendment is embraced in the Consolidated Assessment Act of 1892.

Mr. Ely in his work (p 331), says:

"Insurance companies' are highly useful institutions, and they are liable to competition. It is impolitic to place any undue burden on them. * * It is better to insist upon stricter business methods on the part of insurance companies and more adequate guarantees that they will fulfil their contracts as a recompense for their franchises, than to lay heavy taxes on them. They should of course be obliged to pay their proper share of taxes." "What that proper share would be, it seems, difficult to determine. Mr. Ely says, that "in their case there is more reason for limiting taxation to a tax on dividends, or net revenue than in the case of other corporations," but he does not give any reason for this opinion. It may be because the rate of insurance would probably thus be kept down and the benefits of insurance would thus be extended to a greater number. But competition as to rates has in most cases ceased. The representatives of the companies doing business in the larger cities generally agree what rates shall be charged, and adopt means to enforce the agreement, which usually prove sufficient. And the rates are generally higher than they need be if the competition in obtaining business and the recklessness in taking risks were not so general. Professor Rudolf Gniess in an article in the *Contemporary Review* of December, 1884, states, that in Berlin there is a municipal fire insurance office, which the houseowners of that city are obliged to join;" that "the value of the buildings insured in this office in 1881-2 was over 2,000 million marks," and that the annual premium was five or six pfennings per 100 marks, or about one cent on every 25 dollars. The rate is so low he says, because the buildings are of a solid character and the fire brigade is excellent. He might have added as another reason that the cost of obtaining business and of management is small. So low a rate no one would regard as possible in our cities under any system.

The modes of taxing insurance companies vary greatly. In some cases they are taxed on their capital, actual or estimated, as in some of the Canadian Provinces; in some places on their gross receipts. In many cases a fixed sum resembling a license duty is collected. The State of Vermont imposes two per cent. on the gross amounts of premiums and assessments collected by insurance companies, whether home or foreign and one-half of one per cent. on all surplus over and above the necessary reserve. The value of the real estate of such companies, which is fixed as other real estate, may be deducted from the surplus before paying the one-half per cent., but not from the gross receipts. The Maryland Commission of 1888, recommended that "a gross receipts' tax of one per cent. be imposed upon domestic insurance companies and of one and a half per cent. upon foreign insurance companies in addition to the tax measured by the companies dividend."

Of the law relating to insurance companies as it stood in 1878, and its effects, Mr. Maughan, Assessment Commissioner, in his evidence before a Legislative Committee, said :

"Insurance companies invested their moneys in securities that were unassessable and for that reason he believed they ought to be assessed. The city authorities wished to assess the income of both local and foreign companies, and then there could be no unfair discrimination." That would seem to be fair, but if we understand Mr. Maughan's evidence, neither domestic nor foreign insurance companies paid anything more than the ordinary tax on the buildings in which they did business. He said :

"Toronto appeared to be a fruitful field for insurance companies. There were no less than 75 different offices in the city, and there was not one of that number paying a cent of taxes to the city except on the buildings they occupied, and some of them had not buildings, for the agencies were frequently held by parties carrying on other business."

Mr. Maughan added that the city officials could not get at the amount of the stock of these companies'. The officials of the companies refused to give any information. "They were not there," he said, "in the interests of the city, but in the interests of themselves. He therefore thought they ought to be taxed.' He "would put a license on them according to the volume of business they do.'

Other Incorporated Companies.

Few railroads in Canada pay even moderately reasonable dividends on the money invested in them and such roads as are projected can not in any case be built without government subsidies and local bonuses. Nobody expects that for many years to come any Canadian railroads can contribute more to public purposes than they now pay under the municipal laws, and as duties on the coal and the other supplies which they must import.

It is now generally agreed that water-works, gas-works, and street railways should be owned by the municipality, or should be under its control, and pay a considerable portion of their gross receipts for the public benefit. Telegraph and telephone companies which are monopolies and occupy the streets to so large an extent, are in many places taxed two or three per cent. on their gross receipts. Express companies, title insurance companies, trust companies and safety deposit companies, are generally regarded as proper objects of special taxation.

In the U. States the State taxes are largely municipal in their character. In 1887, Pennsylvania derived from what may be regarded as proper sources of municipal taxation, nearly the whole of its revenue, imposing no general tax on land. It received in that year from the

Tax on	corporation stock	$1,702,057
"	gross receipts of corporations	776,388
"	stocks of banks, safe deposits and trust co's	431,628
"	personal property	864,355
"	foreign insurance companies	377,571
"	net earnings or income of companies	81,597

Licenses of all kinds yielded about $1,200,000. Taxes on wills, deeds and inheritances, a bonus on charters, a tax on the receipts of the Alleghany Valley railroad ($212,500), fees, commissions and other charges, also yielded considerable sums. A commutation of tonnage dues yielded $460,000.

In New York State the taxes on corporations yielded $1,441,528. New Jersey received $778,290 from railroad and canal corporations and $147,415 from what are called miscellaneous corporations.

Massachusetts collected corporation tax $2,227,579; bank tax (savings and national) $2,398,267; insurance co. tax $326,336; insurance licenses $22,923; coal and mining companies' licenses $4,777 and foreign railway tax $22,919. The income from the Hoosac Tunnel was $383,765.

Income.

Income is made up of rents, interest, profits—or dividends—or wages—including in wages the salaries of those in permanent employment and the fees of professional men. In several cases a man's income is derived from two or more of these sources. All taxes that do not diminish capital fall upon income ultimately, no matter how they are levied in the first instance. It would therefore seem that if the amount of all incomes could be ascertained accurately, an income tax properly regulated would be the most fair and just and least oppressive of all taxes. Dr Ely says in his book (p 287): "It is the fairest tax ever devised; it places a heavy burden when and where there is strength to bear it and lightens the load in case of temporary or permanent weakness. Large property does not always imply ability to pay taxes, as taxes should come from income; even when assessed on property, it is only an indirect device for estimating income. An income tax spares the business man in season of distress, and helps him to weather the storm, but asks a return for the consideration shown in days of prosperity." He states that many in receipt of large incomes now escape taxation, and that men of this class take little interest in public affairs and affect to despise politics. An income tax would reach such persons and force them to concern themselves about "practical politics." "It is," he thinks, precisely the kind of a tax needed and it is beyond question that it would change the attitude of a large portion of the community towards the government.

It is generally admitted that an income tax to work fairly, should bear less heavily upon small incomes than upon those that are large, as even a few dollars taken from the income of a poor man, means a diminution of his ability to procure the absolute necessaries of life. This would be a serious objection to the substitution of an income tax for all other taxes were such substitution otherwise possible, as it would be exceedingly difficult to provide for all public services by a tax borne by those alone who possess more than a competency. In Great Britain incomes under £150, are exempt from income tax, and incomes from £150 to £400 pay a lower rate than incomes above £400. In Prussia incomes below £60 are now exempt from income tax. In Switzerland taxes on incomes and personal property have for many years been carefully graded, the rate increasing as the amount of income or value of property increases. This seems to be a just principle, but like all principles is liable to abuse. Adams and Cunningham in their work on the Swiss Confederation, state, that in 1887 the Canton of Vaud passed a law changing the system of taxation, so that nearly the whole burden was thrown on the wealthy, and that in consequence of this, several whose wealth was movable, left the Canton in that and the following year.

The amount of income which should be exempt from taxation according to the advocates of this system of taxing incomes is what they call the "minimum of subsistence." This necessarily varies in different countries. In Ontario it was placed for many years at $400. Now incomes derived from personal earnings are exempt to the amount of $700: and of larger incomes only what remains after the $400 or $700 has been deducted is liable to taxation.

The objections to an income tax, are however, very numerous.

Many contend that precarious incomes derived from personal efforts, or from business in which there is always some risk, should not be taxed as heavily as incomes derived from accumulated wealth in any shape. This principle is the basis of those provisions of the municipal law of Ontario, which exempt from taxation "the annual income of any person derived from his personal earnings to the amount of $700, but exempt only to the extent of $400 income "derived from any source other than personal earnings."

Mr. McCulloch in his time contended that an income tax is essentially unfair, as the amount of a man's income is not always a fair measure of his ability to pay taxes. One man who has a £1,000 a year, he says, and a small family could much more easily pay £100 a year in taxes than another man who, having also an income of £1,000 has a family of ten children to provide for. He thought it would be better to allow every one to adjust his taxation, as well as his other expenditures, to his circumstances. It is also objected that an income tax is inquisitorial in its nature and so strong, especially for this reason, was the objection felt to this tax in Great Britain when it was proposed to re-impose it in 1842, that the government of the day were compelled to give the most solemn assurance that it would be imposed, but for a brief period. It was also objected that it would be unjust in its operation, as it would be impossible to ascertain what were the incomes of those who could conceal the sources of their incomes, or who could make successful misrepresentations as to the profits of the business in which they were engaged; thus the dishonest would to a large extent escape and the honest and those who could not conceal what their incomes were, would bear more than their due share of the public burdens. Many other taxes it was argued on the other hand, are as inquisitorial and none are more essentially just. The promise which the British Government made to discontinue the income tax, was not kept. It has been continued to the present day. It appears to have become permanent. And although much fraud may be practised, the tax is on the whole satisfactorily collected and few complaints are now heard of, the inquisitorial character of the investigations by which the amounts of the incomes of business men and professional men are ascertained.

Dr. Ely, says, "it is incomparably more difficult to assess a personal property tax fairly" and that "wealthy men found the income tax (when it was imposed in the U. States), a less easy tax to evade than the personal property tax and precisely on that account raised a hue and cry against it." Again he says, "any one who is honest must confess that it is easier to discover income than personal property," and "in the income tax we have a tax which is congenial to the spirit of democracy and which tends to become more general as the masses acquire power; a tax which wherever it has been honestly tried, is administered with increasing care and justice and which grows uninterruptedly in popular favor." But it is not suitable to cities, he thinks, because it must there act like the personal property tax and drive people from cities to suburbs." He states that most cities in America are surrounded with a taxpayer's paradise, a suburb to which the wealthy resort, in order to escape the payment of taxes in the cities in which they obtain a livelihood. These people would similarly escape their fair share of the income tax." Under our system it would not be difficult to amend the law, so as to reach such people. Mr. Bastable in his work. pp. 360-1, says, that to tax a person on his income for the service of the locality in which he resides, is open to the double objection that it is likely to be evaded, and that it is grossly unfair. Local authorities, "he says," have no efficient machinery for detecting concealed income. They are in a worse position than the English officials, in regard to foreign investments where failure is admitted. The mere

moving from the area for part of the year, would upset the arrangements. Mr. Goschen's view seems conclusive. (It appears to me impossible to devise an equitable local income tax, for you can not localize income. * * No matter how large the local division may be the same objection lies. The American States and the Swiss Cantons are as little suited for the application of separate income taxes as England, Ireland and Scotland.) Owing to the variety of modern incomes and the difficulty of following them to their sources the income tax should always be a general tax."

Only in five of the American States is any attempt made now to collect an income tax and in one of these Massachusetts, incomes under $2,000 are exempt. In Ontario and some other Provinces of Canada, an income tax is imposed to raise revenue for municipal purposes. The results are not wholly satisfactory. The man who occupies a position in which the amount of his incomes is easily ascertained, and who is taxed on the full amount less the $400 or the $700, regards it as a great injustice that he is taxed so highly, while so many others who live as if they had incomes four or five times as great, do not pay as much. In 1892, the amount assessed as incomes in Toronto was $6,060,273, a little less than four per cent. of the whole amount assessed as ratable real estate, personal property and income. As the exemption of $700 relieves all laborers, all or very nearly all mechanics and artizans, a very large number of clerks, salesmen and other employés and probably not a few small shopkeepers from income tax, it seems probable that few of those legally liable to this tax escape from it. That some do escape altogether and that others are assessed on much less than the incomes they seem to spend, those who are assessed on the full amount of their salaries (less the $700), naturally regard as a grievance. Some of those who are taxed on income, no doubt, are of opinion that incomes should not be taxed at all for municipal purposes.

Business Tax.

In France the character of the house in which a man dwells is regarded as on the whole, a fair index of his ability to pay taxes and a tax proportioned to the rental of his dwelling is considered a fair tax on personal property. In Quebec persons who occupy houses for business purposes are taxed on the same principle, according to rental. This mode of taxing personal property recent legislation makes optional in Ontario. It may be doubted whether this business tax, as it is called, works as equitably as the tax on dwellings. Rich men do not often live in small or mean houses; but a retail merchant with a comparatively small stock often pays a higher rent for his shop on one of the great thoroughfares than a wholesale merchant doing five or ten times as much business, pays for his warehouse on a quiet street.

Licenses.

Stores, shops, saloons, taverns and other places in which alcoholic liquors are sold are required to pay a special tax wherever they are permitted to exist. Special taxes are generally imposed also on all occupations and all kinds of business which are thought to require registration and supervision. In some cities special specific taxes are levied, avowedly for revenue purposes, on banks, loan companies, insurance companies and on those engaged in a great variety of occupations. About the policy of raising revenue in this way there must be a great difference of opinion, because while in many cities of the U. States and in the Province of Quebec such taxes are imposed on all occupations to which some privilege is supposed to attach, in a great many cities only those occupations which it is thought necessary to regulate by license pay a special tax of any kind

Exemptions of Property.

Very much has been said and written about the exemptions of certain properties in cities and towns from taxation, and many who feel the burden of taxation particularly grievous imagine that if all exemptions were done away with they would be greatly relieved. This opinion is based largely upon those statements of the assessed values of real property subject to taxation, and of real property exempt from taxation which are published from time to time. According to these statements the value of the properties exempt is from one-eighth to one-sixth of the value of the properties taxed or even more.

An analysis of any of these statements given in detail shows that a very large part of the exempted property belongs to the cities and towns. Parks, gardens, squares, city hall, police court, police stations, fire department stations, market places and buildings, registry offices, school houses, and all other buildings owned and maintained by a city are included in the list of exemptions and form a very large part of the whole. To tax these would be ridiculously absurd and would lead to no other result than a considerable increase in the amount and cost of assessment and of the city book-keeping.

County buildings are generally located in the cities and towns, and in some cases are used conjointly by city and county. The city of Toronto would not gain much by imposing a tax on the court house and gaol and paying the greater part of that tax itself.

Under our system, charitable institutions are not sustained by the municipalities. Some are provincial and to the support of others, the Province and the municipalities contribute. The buildings occupied by such institutions are usually large and the grounds attached are in some cases valuable. We do not know what would be the value for purposes of assessment of the General Hospital, St. Michael's Hospital, the Hospital for Sick Children, the House of Providence, the Home for Incurables, the House of Industry, Houses of Refuge, Reformatory Schools, and the other institutions of this kind in Toronto, but it would be large. To impose a tax upon those institutions would be equivalent to a reduction of the amount contributed to their support by the municipality. The ability of the institutions to do the work which they have undertaken to do—for the public—would be lessened to the extent of such taxation, and few of them now receive from all sources as much as they need. Would it be wise—not to say Christian or humane—to change the law so that a larger amount of poverty and suffering must go unrelieved? Would it not be absurd to tax those institutions according to their value, and at the same time to increase the amounts paid to them by the municipalities so that their resources should not be impaired—as some propose?

Some complain that educational establishments, unconnected with the provincial school system, are exempted from taxation. These institutions do a large and important work which, if it were not done by them, must be done by the municipalities at a cost that would greatly exceed the amount which could be collected as taxes from the properties they occupy. A fair calculation would prove conclusively that because of the existence and the work of these institutions the ratepayers are much relieved. Some do contend, however, that no consideration should be had for those who are not satisfied with the public school system, and that private schools should be discouraged even though the burden of taxation be much increased. Such persons insist that even the university should be taxed on its buildings and lands, because although it is a public institution and largely under the control of the Provincial Government it is not a municipal institution, and many of the students who receive an education there come from other parts of the Province.

Other large portions of exempted property belong to the Dominion and the Provincial Governments. All municipalities desire that the governments should put up buildings within their boundaries, and that those buildings should be ornamental and therefore expensive. Would it be just or politic that such buildings, when erected, should be taxed as buildings used for private purposes Were such a policy followed would not governments erect only the plainest and least expensive buildings? Toronto, desirous of having a handsome legislative building, gave to the Provincial Government a magnificent site free of cost. Would it be right now to tax that building? Ottawa was little more than a lumbering village until it became the seat of the Dominion Government, yet there is much grumbling because the government buildings are exempt from taxation. In Great Britain, for some years past, the government pay a portion of the borough and other rates corresponding, we believe, to the estimated value of the services rendered to national property by the municipalities, and to this no objection is made because it is regarded as an equitable arrangement.

Public libraries, museums, art galleries, and buildings for the use of scientific and literary societies, and of agricultural societies, from which no private profit is derived, are usually exempt from taxation, being regarded as essentially of a public character, even when nominally owned and controlled by private associations or corporations. Even buildings, such as these, some would tax at their full value, unless, perhaps, where they are owned by the municipalities.

Churches, and all other places of religious worship, and the land on which they stand, have always been exempt from taxation, and they are exempt everywhere now except in the State of California. In feudal times bishops, abbots, and other ecclesiastics, were required to render defensive military service to the King for the lands they held as tenants *in capite*; and when subsidies and aids were demanded the clergy as a body contributed a full share. But churches, hospitals, and other buildings devoted to the service of God as places of worship, or charitable institutions, or to educational purposes, never were taxed on the principle that what was directly dedicated to God's work should not be made tributary to the wants of man. This principle operates in all English legislation relating to this subject. An English Act of 1656 exempted, besides churches, hospitals, alms'-houses and educational establishments, all the masters, fellows and scholars of universities and colleges, and the ministers of hospitals, and also the houses and lands belonging to hospitals in respect of rent or revenue payable to them and disbursed for the immediate relief of the poor. For some time after the restoration no account was taken of the churches and chapels of dissenters but an Act, 3 & 4 William 4, chap. 30, provided that all "churches, chapels, meeting-houses and premises duly certified for the performance of religious worship" should be exempt from taxation. The Irish Poor Law Act exempts churches and other buildings exclusively devoted to religious worship or to the education of the poor, burial grounds, infirmaries, hospitals and all buildings used for charitable purposes from taxation for poor law purposes. The law which imposes the income tax in Great Britain exempts from income the lands held in trust for charitable purposes. In other countries of Europe the same principle still prevails. In France, which does not allow even the name of God to appear in its public school books, the churches are treated as public property and are repaired and maintained at the expense of the State.

Those who are not influenced by religious considerations differ as to the propriety of taxing churches. Some contend that if people choose to have fine churches they should pay for them and should not ask the public to contribute directly or indirectly towards the cost of them. It is unjust, they argue, to compel those who do not belong to such churches to pay part of the taxes which

they should bear as taxes are borne by other properties. Others say that it is advantageous to a city to have handsome churches which do much to cultivate artistic tastes and to attract visitors; and beautiful churches may not be built if the congregation must pay, not only the first cost of such beauty but a heavy tax on it ever after. Others argue that as all denominations now strive to build large and beautiful churches, and the people of a city or town nearly all belong to some of the denominations, and nearly all go to church, they all share pretty much alike in the benefit of their exemption from taxation. It is contended on the other hand that if churches were taxed all the members of every congregation would be taxed in proportion to their means and no injustice would be done to any one. It is pretty generally understood, however, that few churches possess or raise a revenue in excess of their urgent needs, that many are in difficulties and that a large proportion of every congregation contributes little for church purposes. A tax on the full value of the church would, in most cases, be felt as a heavy burden, and there is but one denomination, we believe, that objects to exemption. If there are any in the community who belong to no religion, who never go to any place of worship, never allow any member of their families to take part in public religious worship, and who pay rates, such persons may claim to be relieved from the payment of such portion of their taxes as they would not be required to pay if churches were taxed, and their claim should receive due consideration. Except these, however, no one seems to suffer because churches are exempt. Others there are who, viewing this question from what they call the broad grounds of public policy, say that churches should be exempt from taxation as educational institutions should be exempt, because of the service they render to the community. Dr. Ely, in his work, says:

"If it promotes the general welfare to exempt church buildings from taxation it is perfectly proper to do so. There are two questions to be asked: Do churches promote the intellectual, moral and economic interest of the people? Will they be aided in their work by the exemption of the property used purely for religious purposes from taxation? All States except California answer both of these questions in the affirmative."

The amendment of the Ontario Assessment Act, which makes "the land on which a place of worship is erected and land used in connection with a place of worship," and "the buildings and grounds of and attached to a university, college or other incorporated seminary of learning," liable to be assessed in the same manner and to the same extent as other land is assessed for local improvements, reduces very materially the extent to which such lands and buildings are exempt.

The only property in any city or town now wholly exempt from municipal taxation from which, by any change of law, much money could be got for municipal purposes is that belonging to the Dominion Government, that belonging to the Provincial Government, that belonging exclusively to the counties, and that belonging to charitable institutions wholly supported by public benevolence.

T. W. ANGLIN.

RETURN

To an Order of the Legislative Assembly, dated the 12th April, 1893, for a Return of the names of the several purchasers of the Timber Berths disposed of at the sale of October, 1890, and of the Sales, if any, which were not carried out, and of the amounts, if any, remaining unpaid on account of the purchase money, if any, of such lots, and of a copy of the Order-in-Council authorizing the sale and of the advertisement and conditions of sale.

By Command,

J. M. GIBSON,
Secretary.

Toronto, 4th May, 1893.

RETURN

Called for by Resolution of the House of Assembly, dated the 12th day of April, 1893, of the names of the several purchasers of the Timber Berths disposed of at the sale of October, 1890, and the sales, if any, which were not carried out, and of the amounts, if any, remaining unpaid on account of the purchase money, if any, of such lots, and of a copy of the Order-in-Council authorizing the sale and of the advertisement and conditions of sale.

Names of the several Purchasers of Berths disposed of at the sale of October, 1890.	Sales which were not carried out.	Amounts remaining unpaid on account of Purchase Money.
Robert Thompson.		
George H. Wilks.		
J. L. Murphy.		
W. H. Levett.		
W. Ross.		
L. B. Montgomery.		
H. L. Lovering.		
W. C. Cameron.		
S. F. McKinnon.		
M. H. Ford.		
P. Ryan.		
Sadler, Dundas & Co.		
McArthur Bros.		
	Berth (No. 1) Thunder Bay.	
		$18,201 37

Department of Crown Lands,
Toronto, 4th May, 1893.

AUBREY WHITE,
Assistant Commissioner.

[Copy.]

Copy of an Order-in-Council approved by His Honor The Lieutenant-Governor, the 31st Day of May, A. D. 1890.

Upon consideration oi the annexed memorandum of Mr. Aubrey White, Assistant Commissioner of Crown Lands, and upon the recommendation of the Honorable the Commissioner, the Committee of Council advise that the necessary steps be taken to prepare for the holding of a Timber Sale in the Districts of Rainy River and Thunder Bay, at such place or places and on such dates as may by order be hereafter fixed.

Certified,

(Signed) J. LONSDALE CAPRÉOL,
Assistant Clerk, Executive Council.

The Honorable,
The Commissioner of Crown Lands.

[Copy.]

Memorandum.

The undersigned has the honor to report that at the time the final judgment of the Privy Council was delivered which established the Province's right to the so-called Disputed Territory, it was found that a number of saw-mills, some of them of considerable capacity, had been erected in the vicinity of Rat Portage and Kingston and were in active operation. These mills had been cutting their supplies of timber under authority granted by the Dominion Government, and had at the time the judgment was received, that is in December, 1888, put their men and supplies in the woods, had commenced cutting and made all preparations to get out their usual annual stock of logs. It was represented to the Government, that great hardship would ensue not only to the mill-owners but to the people of that region generally, if a stop was put to lumbering, the practical effect being to ruin those engaged in the business and throw thousands out of employment, leaving them and their familes destitute at the most inclement season of the year. The undersigned was sent to the spot and made careful enquiry, and as far as possible verified the representations which had been made and found them to be substantially true. It was therefore determined to allow those mill owners to obtain their supplies of timber where they had already commenced cutting, such cutting, however, to be under the surveillance and control of the Crown Timber Agent of this Department and his assistants, and proper sworn returns and measurements to be made.

It was hoped that plans of surveys of the various Indian reserves and other surveys, etc., made under the direction of the Government of Canada, would be obtained in time to enable this Department to lay out timber berths and hold a sale of timber limits last fall, so that the mill-owners would be able to acquire the timber to supply their mills, and that the necessity for special action with respect to the management of timber matters there should be done away with, and the territory brought into line with the general policy and management of Crown timber in the older parts of the Province. Explorations were at once undertaken of what was a *terra incognita* with a view to ascertain where cutting had been done under Dominion authority and to determine where surveys of limits should be made. It was, however, found impossible to obtain last year the plans, etc., from Ottawa, which were necessary before surveys could be undertaken, and the Department was obliged to obtain authority by Order-in-Council to again permit the

obtaining by the various mill-owners of their supplies of timber for this season under the direction and surveillance of its agents and officers, or bring all business in connection with lumbering and the employment, etc., incident thereto, to a sudden stop, which would have created a state of affairs even worse than that which was avoided in the previous year.

The mill-owners are obtaining their supplies for this year under this special authority and regulation, and during the year explorations, etc., have been continued, and the plans of surveys having been obtained from Ottawa, surveys of timber limits have been undertaken and prosecuted with vigor, and the Department is now advised that the necessary plans and reports of certain limits which have been under exploration and survey will be in its hands by about the first day of June.

As the men are usually sent into the woods in the month of September to commence operations for cutting logs, it is desirable that authority should be taken by Order-in-Council to enable the Department to hold a timber sale and to fix the place for the holding of the same so that the Department may take such steps as are necessary at the earliest moment after the necessary information is in its hands with a view to being able to hold such sale not later than, say, the first of September next.

The undersigned therefore respectfully suggests to the Honorable Commissioner of Crown Lands that an Order-in-Council be passed authorizing the Department to take the necessary steps to prepare for the holding of a timber sale in the Rainy River and Thunder Bay districts at such place or places and on such dates as may hereafter be fixed by a subsequent Order-in-Council.

Crown Lands Department,
22nd May, 1890.

(Signed) AUBREY WHITE,
Assistant Commissioner.

[Copy.]

Order-in-Council, Approved 1st July, 1890.

The Committee of Council have had under consideration the annexed Report of the Honorable Commissioner of Crown Lands, with reference to the holding of certain timber sales in the Districts of Rainy River and Thunder Bay, and advise that the recommendations therein contained be concurred in and acted upon.

Certified,

(Signed) J. LONSDALE CAPRÉOL,
Assistant Clerk, Executive Council.

[Copy.]

The undersigned has the honor to state, for the information of the Lieutenant Governor in Council, that the surveys and other information required for the holding of the timer sale in the Rainy River District which was authorized by the Order-in-Council of the 30th May, 1890, are now in the hands of the Department to such an extent as

will warrant the advertising and otherwise giving public notice of the Department's intention to hold such sale, and in this connection it is respectfully recommended that the sale be held upon the first day of October next, at the Crown Lands Department in the City of Toronto. In addition to the territory authorized to be sold under the Order-in-Council referred to, and with a view to putting an end to the permit system in the Thunder Bay District and bringing it in line with the timber policy in force in the rest of the Province, it is respectfully recommended that certain mining locations, berths and areas which are greatly exposed to danger by fire should be sold at the same time and place as above, and also that the east half of the Township of Aweres, near Sault Ste. Marie, or that portion of it which is outside the Indian Reserve, and which is greatly exposed to danger from fire, should likewise be sold at the same time and place, and authority by Order-in-Council for the holding of such further sales is respectfully recommended.

Annexed to this report are maps showing approximately the berths it is proposed to sell. No. 1 showing berths in the Rainy River District; No. 2 those in the Thunder Bay District; and No. 3 shows the east half of the Township of Aweres. There is also annexed hereto the conditions upon which it is proposed to sell these berths, which are submitted for approval and confirmation of the Executive Council. And it is respectfully recommended that so much of the Crown Timber Regulations as may in any manner conflict with the conditions of this sale be suspended for the purposes of this sale, but that such regulations apply in all other respects to the license to be issued and to be in full force except when inconsistent with the special conditions made for the purposes of this sale.

Department of Crown Lands,
Toronto, June 27th, 1890.

(Signed) ARTHUR S. HARDY,
Commissioner.

Department of Crown Lands,
(Woods and Forests Branch),
Toronto, 2nd July, 1890.

NOTICE

Is hereby given that under Order-in-Council certain Timber Berths in the Rainy River and Thunder Bay Districts and a berth composed of part of the Township of Aweres, in the District of Algoma, will be offered for sale by public auction on Wednesday, the first day of October next, at one o'clock in the afternoon, at the Department of Crown Lands, Toronto.

CONDITIONS AND TERMS OF SALE.

Conditions :—Each berth to be adjudged to the person bidding the highest amount of bonus per square mile.

The berths sold to be subject to the "Crown Timber Regulations," except in so far as said regulations may be inconsistent with any conditions herein specified, and to such Orders-in-Council as now exist or may hereafter be passed affecting timber or territory under timber license from the Crown.

The Department reserves the right to one bid on each berth.

No deduction from area sold to be allowed for water.

The timber dues to be the same as now provided by the Crown Timber Regulations and not to be changed for a period of at least seven years from date of this sale.

Timber cut from these limits to be manufactured in the Province.

The purchaser shall be intitled to pine timber only.

For the purpose of making returns to the Department on which Crown dues are to be collected the timber and logs cut on the limits to be sold are to be measured according to the Old Scribner Rule or such rule as the Department of Crown Lands may prescribe.

Re Mining Locations :—Berths including mining locations already patented or which may hereafter be patented will be sold subject to the rights of patentees to take what timber they may require for mining purposes as provided by the General Mining Act.

Terms :—Purchases to the amount of $1,000 or under, to be paid in cash on the day of sale. Purchases over $1,000 and not exceeding $5,000 one-half of bonus to be paid in cash on day of sale and a note or notes, to be given for the remaining half of bonus, payable in three and six months, at a bank in the City of Toronto, with seven per cent. interest.

Purchases over $5,000 and not exceeding $10,000, one-third of bonus to be paid in cash on day of sale and notes to be given for the remaining two-thirds of bonus payable in three and six months, at a bank in the City of Toronto, with seven per cent. interest.

Purchases over $10,000, one-fourth of bonus to be paid in cash on day of sale and notes to be given for the remaining three-fourths of bonus, payable in three, six and nine months, at a bank in the City of Toronto, with seven per cent. interest.

Ground rent for current season to be paid with cash payments of bonus.

Licenses for berths awarded at sale to be issued in due course after payment in full of bonus and ground rent.

Note :—Cash payments are to be made by depositing the same in a bank in the City of Toronto to the credit of the Department of Crown Lands and delivering the certificate of deposit to the Commissioner or Assistant Commissioner of Crown Lands.

Notes given for balances due must be endorsed by names satisfactory to the Department.

Note.—*Change of condition of payment.*—Purchasers over $10,000 may make payment as above provided, or shall have the option of paying instead one-fifth of bonus in cash on day of sale, and notes to be given for the remaining four-fifths of bonus, payable in three, six, nine and twelve months as otherwise above provided.

DESCRIPTION OF TIMBER BERTHS.

Rainy River District.

No. of Berth.	No. of sq. miles.	Description of Berth.
1	23	Situated on Brooks and Otter Lakes.
2	4	On north side of Brooks Lake.
3	10	On south side of Brooks Lake and including all islands therein.
4	13	South of Lake Rowan and west of Twin Lake and Brooks Bay, Lake Rowan.
5	10	SouthWest Bay of Lake Rowan and east of Cameron Lake.

RAINY RIVER DISTRICT.—*Continued.*

No. of Berth.	No. of sq. miles.	Description of Berth.
6	35	Bounded on the east by Lake Rowan, on the south by Cameron, Stephenson and Flint Lakes; on the west by Flint and Sturgeon Lakes, and on the north by Sturgeon and Round Lakes.
7	6	On the north-east side of Lake Rowan and north side of Hill Lake.
8	5	On the north side of Rowan Lake in two blocks.
9	1	On the east side of Hill Lake and point between Brooks Bay and Hill Lake, and islands in Hill Lake.
10	3	On Lawrence Lake, including three points on, and the mainland and all the islands in said lake.
11	15	North of Turtle and Burt Lakes and south of White Pine Lake.
12	3	On north side of Hector's Lake and south of Turtle Lake.
13	7	On Berry Lake.
14	1	On Dryberry Lake.
17	1	" "
18	4	" "
19	11	On north side of Sturgeon Lake and east of Indian Reserve.
20	5	All islands in Crow Lake.
21	4	All islands in Lake Rowan.
25	11	On Split Rock River flowing into Sabiskong Bay, Lake-of-the-Woods.
26	10	West of Dick & Banning's timber berth, letter "A" on the west side of Manitou River flowing into Rainy River.
27	7	On the east side of Manitou River flowing into Rainy River.
28	6	On the north side of North-west Bay on Rainy Lake and east of Indian Reserve.
29	1	On the south side of North-west Bay on Rainy Lake.
30	10	On canoe route north of North-west Bay of Rainy Lake flowing into Rainy Lake and west of Dick & Banning's timber berth letter "B" on Clearwater Lake.
31	5	On canoe route north of Otter Tail Lake, north-west of Jack-fish Lake flowing into North-west Bay of Rainy Lake.
32	7	In township 29, north of second base line, on the south side of Rainy Lake.
33	2	On the north side of La Seine River and east of Indian reserve 23 at mouth of said river, and west of timber berth No. 3, Rainy Lake Lumber Company.
34	9	On north side of La Seine River on Shoal and Sand Lakes, forming part of said river, and east of timber berth No. 3, Rainy Lake Lumber Company.
35	4	On shore of Rainy Lake at entrance of Rat River, with islands, at entrance of Rainy Lake.
36	24	On Nameukon River running into East Bay of Rainy Lake.
37	15	" " "
38	14	" " "
39	12	" " "

RAINY RIVER DISTRICT.—*Continued.*

No. of Berth.	No. of sq. miles.	Description of Berth.
60	5	Situate on both sides of La Seine River, commencing at an island in said river three miles east of a post planted on the south side of La Seine River, marked "W. H. M," at the north-east angle of timber berth No. 2, now held by Dick & Banning.
61	18	Situate on both sides of La Seine River, commencing at a post planted on the east side of Eye River at its junction with La Seine River and the north side of La Seine River.
62	5	Situate on both sides of La Seine River, commencing at a tree on the north side of La Seine River in Small Bay, about two miles east of junction of Eye River with La Seine River, and marked "L. McDonald."
63	2 $\frac{88}{100}$	Situate on the east side of a lake at head of Eye River, and south of the Portage leading into Turtle Lake.
64	13	Situate on Turtle Lake, commencing at a post marked "J. B. 515," planted on Small Island in Turtle Lake, situated about four miles from Eye River Portage.
65	7	Situate on Turtle Lake and its outlet, Little Trout River, commencing on Little Trout River about one mile west of outlet of Turtle Lake, and extending easterly on both sides of said river and lake.
66	8	Situate on east side of Clearwater Lake, north of Turtle Lake, commencing at a post marked "J. B. 516," planted on shore of Clearwater Lake, east of Narrows leading into a small lake.
67	1½	Situate north of Clear Lake, commencing at the outlet of Clearwater Lake and extending along the west side of said outlet.
68	4	Situate on Mink and Pigeon Lakes, commencing at Narrows between Clearwater Lake and Mink Lake and extending on both sides of Mink Lake and on north-west side of Pigeon Lake.
69	10	Situate on Martin Lake in leading into Big Trout River, commencing at rapids running into Martin Lake and extending up said lake on both sides thereof.

THUNDER BAY DISTRICT.

TIMBER BERTH No. 1.—Being west of and adjoining the Township of Pardee, extending west from the intersection of the 3rd and 4th concession line of Pardee with the west boundary about three miles, thence south about four miles, thence east to the west boundary of Pardee, thence north to the place of beginning, comprising about twelve square miles.

NOTE.—The surveyor in laying out this berth added additional territory by mistake or without authority. The sale will be confined to the berth as above described and as contained in the original notice of sale.

TIMBER BERTH No. 2.—Lying between Arrow and Pigeon Rivers, being a block of land situated east of line run in 1883 by P. L. S. De Gurse, from a point six miles west of the north-west angle of the Township of Pardee, and covering (*interalia*) portions of mining locations 78 T and 91 T, 80 T, 81 T, 82 T, 92 T, 93 T and 94 T, comprising about seven square miles.

NOTE.—The surveyor by mistake also omitted to include the block forming part of this berth and lying north of mining locations 79 T to 82 T, both inclusive, but which will be sold as part of said berth No. 2, according to the original description and notice of sale.

TIMBER BERTH No. 3.—Lying between Arrow and Pigeon Rivers, being a block of land situated west of line run in 1883 by P. L. S. De Gurse, from a point six miles west of the north-west angle of the Township of Pardee, and covering (*interalia*) portions of mining locations 78 T and 91 T, 77 T, 76 T, 75 T, 74 T, and part of 73 T, 90 T, 89 T, 88 T, 87 T and part of 86 T, comprising about six and three-quarters square miles.

NOTE.—The same omission as in berth No. 2 was made by the surveyor in his survey of this berth and the block lying north of mining locations 74 T to 78 T will be sold with and as part of berth No. 3, according to the original description and notice of sale.

TIMBER BERTH No. 4.—Lying between Arrow and Pigeon Rivers, and east of South Fowl Lake, being a block of land covering (*interalia*) mining locations 60 T to 72 T, inclusive, and parts of 73 T, 84 T and 85 T, and part of 86 T, comprising about eight and a quarter square miles.

TIMBER BERTH No. 5.—On the south-west side of White Fish Lake, commencing at the water's edge thereof in the north limit of mining location R 265, thence west about one mile, thence south about four miles and a half, thence east about four miles and a half, thence north about three and a half miles to White Fish Lake, thence westerly along the water's edge to place of beginning, comprising about nineteen and a half square miles.

TIMBER BERTH No. 7.—Lying on the north-east side of Mountain Lake, commencing on the international boundary in the east limit of mining location 101 T, thence north about two miles, thence west about two and a half miles, thence south about two miles to Mountain Lake, thence easterly along the water's edge to place of beginning, comprising four square miles, more or less.

TIMBER BERTH No. 8.—On the south shore of Lac des Milles Lacs, thirty-seven and a half square miles as laid out by P. L. S. De Gurse in 1883, commencing at a squared Black Ash tree on a small island at the mouth of a creek entering Lac des Milles Lacs, one mile and a half south-west of the Narrows, thence due south six miles, thence due east six miles, thence due north five miles to a bay of Lac des Milles Lacs, thence following the various windings of the shore to the place of beginning.

ALGOMA DISTRICT.

Township of Aweres.

All that portion of the Township of Aweres lying east of the Indian reserve, consisting of east halves of sections 4, 9, 16, 21, 28 and 33, and the whole of sections 1, 2, 3, 10, 11, 12, 13, 14, 15, 22, 23, 24, that part of 25 lying outside the Indian reserve on the west 26, 27, 34, 35, and that part of 36 lying outside the Indian reserve on the west, comprising in the whole about eighteen and a half square miles more or less.

Note.—Areas of some of the berths which could not be supplied in the first notice are now given.

Note.—It is to be distinctly understood by bidders and purchasers that the notes or comments made upon the plans prepared and submitted at the sale were so made by the surveyor exclusively for the information and convenience of the Department and are in no sense to be construed as a representation by the Department and shall not form the basis of contract between the Department and bidders or purchasers.

ARTHUR S. HARDY,
Commissioner of Crown Lands.

[Copy.]

Toronto, September 30th, 1890.

The undersigned respectfully recommends that the authority of Council be given to read the following notice at the beginning of the sale of timber berths situated in the Port Arthur District:

"Referring to the falls upon the Pigeon River near its mouth, as the improvement of the river is difficult and would involve some considerable expense at this point and is out of the ordinary run of improvements, the Government will recommend an appropriation of a sum not exceeding $10,000 to aid in improving the river at the falls with a view to facilitating the running of logs down to Lake Superior. The work to be done upon such plan and basis and on such terms as shall be approved by the Department of Public Works."

Initialed,
O. M.

(Signed) ARTHUR S. HARDY,
Commissioner of Crown Lands.

To His Honor
The Lieutenant-Governor in Council.

[Copy.]

Copy of an Order-in-Council approved by His Honor the Lieutenant-Governor the 30th day of September, A.D. 1890.

Upon the recommendation of the Honorable the Commissioner of Crown Lands, the Committee of Council advise that the following conditions be added to the conditions of the timber sale advertised for the first day of October prox., namely:

"Purchasers over ten thousand dollars ($10,000) may make payment as above provided, or shall have the option of paying instead one-fifth of bonus in cash on day of sale and to give notes for the remaining four-fifths of bonus at three, six, nine and twelve months, and as otherwise above provided."

Certified,

(Signed) J. R. CARTWRIGHT,
Clerk Executive Council.

The Honorable
The Commissioner of Crown Lands.

ONTARIO